This Offer expires at 17:40 hours, CET, on 7 April 2017, unless extended

OFFER MEMORANDUM

Dated 2 February 2017

RECOMMENDED CASH OFFER

BY

NN GROUP BIDCO B.V.

FOR ALL THE ISSUED AND OUTSTANDING ORDINARY SHARES WITH A NOMINAL VALUE OF EUR 0.20 EACH IN THE SHARE CAPITAL OF

DELTA LLOYD N.V.

This offer memorandum (the ***Offer Memorandum***) contains the details of the recommended public offer by NN Group Bidco B.V. (the ***Offeror***), a direct wholly-owned subsidiary of NN Group N.V. (***NN Group***), to all holders of issued and outstanding ordinary shares with a nominal value of EUR 0.20 (twenty euro cent) each (the ***Shares*** and each a ***Share***, the holders of such Shares the ***Shareholders***), in the share capital of Delta Lloyd N.V. (***Delta Lloyd***) to purchase for cash their Shares on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum (the ***Offer***). As at the date of this Offer Memorandum, 455,286,308 (four hundred fifty-five million, two hundred eighty-six thousand, three hundred eight) Shares are subject to the Offer. In addition, 6,046,140 (six million, forty-six thousand, one hundred and forty ordinary Delta Lloyd shares are held in treasury by Delta Lloyd.

This Offer Memorandum contains the information required by Article 5:76 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*, the ***Wft***) in conjunction with Article 8, paragraph 1 of the Dutch Decree on public offers Wft (*Besluit openbare biedingen Wft*, the ***Decree***) in connection with the Offer. This Offer Memorandum has been reviewed and approved by The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the ***AFM***) as an offer memorandum under Article 5:76 of the Wft.

This Offer Memorandum was recognised by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten*, the ***FSMA***) in accordance with Article 20 of the

Belgian Law on public takeover bids of 1 April 2007 and the European passport mechanism set forth in the Prospectus Directive (No 2003/71/EC).

Neither the approval by the AFM nor the recognition by the FSMA entail an assessment of the advisability and quality of the transaction, or of the condition of the person who executes it.

The information required by Article 18, paragraph 2 of the Decree in connection with the Offer is included in the Position Statement. The Position Statement, including all appendices thereto, does not form part of this Offer Memorandum and has not been reviewed or approved by the AFM prior to publication. The Position Statement will be reviewed by the AFM after publication.

Capitalised terms used in this Offer Memorandum have the meaning set out in Section 4 (*Definitions*) or elsewhere in this Offer Memorandum.

Shareholders tendering their Shares under the Offer will be paid on the terms and subject to the conditions and restrictions contained in this Offer Memorandum in consideration for each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred (*geleverd*) an amount in cash of EUR 5.40 (five euro and forty euro cent) cum dividend (the ***Offer Price***). In the event any dividend or other distribution (each, a ***Distribution*** and collectively, the ***Distributions***) on the Shares is declared by Delta Lloyd (whereby the record date that is decisive for entitlement to such Distribution is prior to Settlement (as defined below)), the Offer Price will be decreased by the full amount of any such Distribution made by Delta Lloyd in respect of each Share (before any applicable withholding tax). For the avoidance of doubt, the interim dividend of EUR 0.10 (ten euro cent) per Share declared by Delta Lloyd and paid on 8 September 2016 will not be deducted from the Offer Price.

Subject to the terms and conditions of this Offer Memorandum, the supervisory board and the executive board of Delta Lloyd (the ***Delta Lloyd Supervisory Board*** and the ***Delta Lloyd Executive Board*** respectively, or together the ***Delta Lloyd Boards***) support the Offer and the Legal Merger (as defined in Section 6.11.5(c) (*Description of the Legal Merger*)) and recommend the Offer to the Shareholders for acceptance. Reference is made to Section 6.6 (*Recommendation*) and the Position Statement.

The Offer Period under the Offer will commence at 09:00 hours, CET, on 3 February 2017 and will expire at 17:40 hours, CET, on 7 April 2017, unless the Offeror extends the Offer Period in accordance with Section 5.6 (*Extension*), in which case the closing date shall be the date on which the extended Offer Period expires (such initial or postponed date, the ***Closing Date***).

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tender of Shares during the Offer Period in accordance with the provisions of Article 5b, paragraph 5, Article 15, paragraphs 3 and 8 and Article 15a paragraph 3 of the Decree.

On the date of this Offer Memorandum, the Offeror holds, directly or indirectly, 11,655,101 Shares representing approximately 2.6% of the aggregate number of the issued shares in Delta Lloyd (excluding, for the avoidance of doubt, any Shares held by NN Investment Partners, from time to time). Reference is made to Section 6.9 (*Respective cross-shareholdings Offeror - Delta Lloyd*).

The Offeror will announce whether the Offer is declared unconditional (*gestand wordt gedaan*) within three (3) Business Days following the Closing Date, in accordance with Article 16 of the Decree (the ***Unconditional Date***).

Announcements contemplated by the foregoing paragraphs will be made by press release and, if required, made public in Belgium by means of a supplement to the Offer Memorandum, in accordance with Article 17 of the Belgian Law on public takeover bids of 1 April 2007. See Section 5.12 (*Announcements*)

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) their Shares for acceptance pursuant to the Offer prior to or on the Closing Date will receive the Offer Price in respect of each Share that has been tendered and transferred (*gelevered*) (each of these Shares, a ***Tendered Share***), and the Offeror shall acquire each Tendered Share within three (3) Business Days following the Unconditional Date (***Settlement*** and the day on which the Settlement occurs the ***Settlement Date***).

If, following the Settlement Date and the Post Closing Acceptance Period, the number of Shares having been tendered for acceptance during the Acceptance Period and the Post Closing Acceptance Period, together with (i) any Shares directly or indirectly held by the Offeror or any of its Affiliates (but excluding, for the avoidance of doubt, any Shares held by NN Investment Partners), (ii) any Shares committed to the Offeror or any of its Affiliates, in writing, and (iii) any Shares to which the Offeror or any of its Affiliates is entitled (*gekocht maar nog niet geleverd*), represent (i) 95% or more of Delta Lloyd's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) and at least 95% of the voting rights in respect of Delta Lloyd's issued and outstanding ordinary share capital or (ii) at least 95% of Delta Lloyd's aggregate issued and outstanding share capital (*geplaatst en uitstaand kapitaal*), the Offeror will commence a compulsory acquisition procedure (*uitkoopprocedure*) in accordance with article 2:92a or 2:201a of the Dutch Civil Code or the takeover buy-out procedure in accordance with article 2:359c of the Dutch Civil Code to buy out the remaining holders of Delta Lloyd shares as referred to in Section 6.11.4 (*Squeeze-Out*)

In order to ensure full integration of the businesses of Delta Lloyd and NN Group, the Offeror may choose to implement the Legal Merger if (i) the number of Shares having been tendered for acceptance during the Offer Period and the Post Closing Acceptance Period, together with (x) any Shares directly or indirectly held by the Offeror or any of its Affiliates (but excluding, for the avoidance of doubt, any Shares held by NN Investment Partners), (y) any Shares committed to the Offeror or any of its Affiliates, in writing, and (z) any Shares to which the Offeror or any of its Affiliates is entitled (*gekocht maar nog niet geleverd*), represent less than 95% but at least 67% of Delta Lloyd's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) and (ii) the Legal Merger Resolution has been adopted. The Delta Lloyd Boards have approved and consented to Delta Lloyd entering into the Legal Merger, the executive board of the Offeror has approved and consented to the Offeror entering into the Legal Merger, and the NN Group Supervisory Board and the NN Group Executive Board have approved and consented to NN Group entering into the Legal Merger. See Section 6.11.5 (*Pre-wired post-closing restructuring*).

Distribution of this Offer Memorandum may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Offer Memorandum are urged to inform themselves of any such restrictions which may apply to them and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. The Offeror, NN Group and Delta Lloyd disclaim all responsibility for any violation of such restrictions by any person. See Section 2 (*Restrictions*).

At 10:30 hours, CET, on 29 March 2017, such date being at least six (6) Business Days prior to the Closing Date, an extraordinary general meeting of Shareholders (the ***Offer EGM***) will be held at the Hilton Hotel, Apollolaan 138 in Amsterdam, the Netherlands, at which meeting the Offer will be discussed in accordance with Article 18, paragraph 1 of the Decree and certain resolutions will be proposed to the Delta Lloyd shareholders in connection with the Offer. In addition, solely for legal-technical reasons, a separate extraordinary general meeting of Shareholders will be held on the same date as and immediately following the Offer EGM to resolve upon the Legal Merger. Subject to the terms and conditions of this Offer Memorandum, the Delta Lloyd Boards recommend voting in favour of all resolutions that will be proposed in connection with the Offer and the Legal Merger. Reference is made to Section 6.19 (*EGMs*) and the Position Statement.

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2. RESTRICTIONS

The Offer is being made in and from The Netherlands and Belgium with due observance of the statements, conditions and restrictions included in this Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Shareholder, even if it has not been made in the manner set out in this Offer Memorandum.

The distribution of this Offer Memorandum and/or the making of the Offer in jurisdictions other than The Netherlands and Belgium may be restricted and/or prohibited by law. The Offer is not being made, and the Shares will not be accepted for purchase from or on behalf of any Shareholder, in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. Persons obtaining this Offer Memorandum are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents (to the extent applicable). Outside of The Netherlands, Belgium and the United States, no actions have been taken (nor will actions be taken) to make the Offer possible in any jurisdiction where such actions would be required. In addition, this Offer Memorandum has not been filed with or recognised by the authorities of any jurisdiction other than The Netherlands and Belgium. Neither the Offeror, nor Delta Lloyd, nor any of their advisors accept any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who forwards or intends to forward this Offer Memorandum or any related document to any jurisdiction outside The Netherlands and Belgium should carefully read Section 2 (*Restrictions*) and Section 3 (*Important Information*) before taking any action. The release, publication or distribution of this Offer Memorandum and any documentation regarding the Offer or the making of the Offer in jurisdictions other than The Netherlands and Belgium may be restricted by law and therefore persons into whose possession this Offer Memorandum comes should inform themselves about and observe such restrictions. Any failure to comply with any such restriction may constitute a violation of the law of any such jurisdiction.

2.1 United States of America

The Offer is being made for the securities of Delta Lloyd, a public limited liability company incorporated under Dutch law, and is subject to Dutch disclosure and procedural requirements, which differ from those of the United States. The financial information included in this document has been prepared in accordance with EU-IFRS and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States in compliance with Regulation 14E under the U.S. Securities Exchange Act of 1934, as amended (***U.S. Exchange Act***) and the rules and regulations promulgated thereunder, including the exemptions therefrom, and otherwise in accordance with the applicable regulatory requirements in The Netherlands and Belgium. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares will generally be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable state and local, as well as foreign and other tax laws. See also Section 10.3 (*The United States*). Each holder of Shares is urged to consult his independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for U.S. holders of Shares to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror and Delta Lloyd are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission or other regulatory authority has approved or disapproved the Offer, passed upon the fairness or merits of the Offer or provided an opinion as to the accuracy or completeness of this Offer Memorandum or any other documents regarding the Offer. Any declaration to the contrary constitutes a criminal offence in the United States.

To the extent permissible under applicable law or regulation, including Rule 14e-5 of the U.S. Exchange Act, the Offeror and its Affiliates or brokers (acting as agents for the Offeror or its Affiliates, as applicable) may before or during the period in which the Offer remains open for acceptance, directly or indirectly, purchase, or arrange to purchase, Shares outside of the United States, from time to time, other than pursuant to the Offer. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In addition, the financial advisors to the Offeror may engage in ordinary course trading activities in securities of Delta Lloyd, which may include purchases or arrangements to purchase such securities. To the extent required in The Netherlands, any information about such purchases will be announced by press release in accordance with Article 13 of the Decree and posted on the website of NN Group at www.nn-group.com.

2.2 Canada and Japan

The Offer and any solicitation in respect thereof is not being made, directly or indirectly, in or into Canada or Japan, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of Canada or Japan. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Offer Memorandum and any related press announcements, acceptance forms and other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from Canada or Japan or, in their capacities as such, to custodians, nominees or trustees holding Shares for persons residing in Canada or Japan. Persons receiving this Offer Memorandum and/or such other documents must not distribute or send them in, into or from Canada or Japan, or use such mails or any such means, instrumentality or facilities for any purpose in connection with the Offer; so doing will invalidate any purported acceptance of the Offer. The Offeror will not accept any tender by any such use, means, instrumentality or facility from within Canada or Japan.

Tender and transfer of Shares constitute a representation and warranty that the person tendering the Shares (i) has not received or sent copies of this Offer Memorandum or any related documents in, into or from Canada or Japan and (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality including, without limitation, facsimile transmission, telex and telephone of interstate or foreign commerce, or any facility of a national securities exchange of, Canada or Japan. The Offeror reserves the right to refuse to accept any purported acceptance that does not comply with the foregoing restrictions, and any such purported acceptance will be null, void and without effect.

3. IMPORTANT INFORMATION

3.1 Information

This Offer Memorandum contains important information that should be read carefully before any Shareholder makes a decision to tender Shares under the Offer. Shareholders are advised to seek independent advice where necessary. In addition, Shareholders may wish to consult with their tax advisors regarding the tax consequences of tendering their Shares under the Offer.

3.2 Responsibility

The information included in Sections 1 through 6 (excluding Sections 6.6, 6.8, 6.9, 6.16, 6.17, 6.19 and 6.21), 8, 10, 11 and 12 has been solely provided by the Offeror. The information included in Sections 6.6, 6.8, 6.19, 7 and 13 has been solely provided by Delta Lloyd. The information included on the cover page, page 2, 3 and 4, and in Sections 6.9, 6.16, 6.17, 6.21, 9, 14 and 15 has been provided by the Offeror and Delta Lloyd jointly.

The Offeror and Delta Lloyd are exclusively responsible for the accuracy and completeness of the information provided in this Offer Memorandum, each with respect to the information it has provided, and jointly with respect to the information they have provided jointly.

The auditor's report included in Section 13.6 (*Independent auditor's report of EY on the selected consolidated financial information of Delta Lloyd*) and the review report included in Section 13.9 (*Independent review report of EY on the information for first half year of the financial year 2016*) of this Offer Memorandum have been sourced by Delta Lloyd from EY and are identical to the information in the original reports as at the respective dates these reports were issued by EY. Delta Lloyd confirms that, to the best of its knowledge, this information has been accurately reproduced and no facts have been omitted which would render the reproduced information inaccurate or misleading.

Both the Offeror and Delta Lloyd confirm, each with respect to the information it has provided and jointly with respect to the information they have provided jointly, that to the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its meaning.

No person other than the Offeror, NN Group and Delta Lloyd, and without prejudice to the auditor's and review reports issued by EY included in this Offer Memorandum, and the Fairness Opinions rendered by Goldman Sachs International (***Goldman Sachs***) to the Delta Lloyd Boards and Bank of America Merrill Lynch International Limited, Amsterdam Branch (***Bank of America Merrill Lynch***) to the Delta Lloyd Supervisory Board (the full text of each Fairness Opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each Fairness Opinion, is included in the Position Statement), is authorised to provide any information or to make any statements on behalf of the Offeror, NN Group or Delta Lloyd in connection with the Offer or the information contained in the Offer Memorandum. If any such information or statement is provided or made by parties other than the Offeror, NN Group or Delta Lloyd, such information or statements should not be relied upon as having been provided by or made by or on behalf of the Offeror, NN Group or Delta Lloyd.

The information included on pages 1 through 3 and in Section 12 (*Dutch language summary*) regards summarised and translated information, and as the case may be, has been derived from the information included in the other Sections of this Offer Memorandum.

3.3 Accuracy and date of information and presentation of financial information

Each of the Offeror and Delta Lloyd, each solely with respect to the information provided by it, confirms that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, on the date of publication of the Offer Memorandum, the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its import. The information set out in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum, unless specified otherwise. The issue and distribution of the Offer Memorandum does not imply in any respect that the information contained herein will continue to be correct and complete after the date of publication of the Offer Memorandum. The foregoing does not affect the obligation of both the Offeror and Delta Lloyd to make a public announcement pursuant to the European Market Abuse Regulation (596/2014) or article 4 paragraph 1 and paragraph 3 of the Decree, if applicable. It should be noted that certain financial and statistical information in this Offer Memorandum may have been rounded up or down to the nearest whole number or the nearest decimal and should therefore not be regarded as exact. In addition, the rounding also means that the totals of the data in this Offer Memorandum may vary slightly from the actual arithmetic totals of such information.

3.4 Governing law

This Offer Memorandum and the Offer are, and any tender, purchase or transfer of Shares will be, governed by and construed in accordance with the laws of The Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer of Shares. Accordingly, any legal action or proceedings arising out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer (*levering*) of Shares may be brought exclusively in such courts.

3.5 Language

This Offer Memorandum is published in the English language and a Dutch language summary is included as Section 12 (*Dutch language summary*). In the event of any differences, whether or not in interpretation, between the English text of this Offer Memorandum and the Dutch language summary of this Offer Memorandum, the English text of this Offer Memorandum shall prevail.

3.6 Contact details

ABN AMRO Bank N.V. has been appointed as Settlement Agent in the context of the Offer.

Addresses

(a) The Offeror

NN Group Bidco B.V.

Schenkkade 65

2595 AS ‘s-Gravenhage

The Netherlands

(b) NN Group

NN Group N.V.

Schenkkade 65

2595 AS ‘s-Gravenhage

The Netherlands

(c) Delta Lloyd

Delta Lloyd N.V.

Amstelplein 6

1096 BC Amsterdam

The Netherlands

(d) Settlement Agent

Gustav Mahlerlaan 10

P.O. Box 283

1000 EA Amsterdam

The Netherlands

3.7 Availability of information

Digital copies of this Offer Memorandum are available on the websites of Delta Lloyd (www.deltalloyd.com) and NN Group (www.nn-group.com). Copies of this Offer Memorandum are also available free of charge at the offices of Delta Lloyd and the Settlement Agent at the addresses mentioned above. The Delta Lloyd and NN Group websites do not constitute a part of, and are not incorporated by reference into, this Offer Memorandum.

Copies of the articles of association of the Offeror are available on the website of NN Group (www.nn-group.com).

Copies of the Delta Lloyd Articles of Association and the proposed amendments to the Delta Lloyd Articles of Association are available on the website of Delta Lloyd (www. deltalloyd.com).

3.8 Assignment

On 22 December 2016, NN Group and Delta Lloyd entered into a Merger Protocol setting out their respective rights and obligations with respect to the Offer. NN Group has assigned all of its rights and obligations under the Merger Protocol to the Offeror. NN Group shall remain jointly and severally liable with the Offeror for the proper performance of any obligations assigned to the Offeror.

3.9 Forward-looking statements

Certain statements in this Offer Memorandum may be considered forward-looking statements, such as statements relating to the impact of the Offer on the Offeror, NN Group and Delta Lloyd and the expected timing and completion of the Offer. Forward-looking statements include those preceded by, followed by or that include the words may, anticipated, expected or similar expressions. These forward-looking statements speak only as of the date of this Offer Memorandum. Each of the Offeror, NN Group and Delta Lloyd, and any of their respective Affiliates, each with respect to the statements it has provided, believes the expectations reflected in such forward-looking statements are based on reasonable assumptions. Nevertheless, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. The forward-looking statements are subject to risks, uncertainties and other factors, many of which are beyond the Offeror’s, NN Group’s and Delta Lloyd’s control, that could cause actual results to differ materially from historical experience or those results expressed or implied in these forward-looking statements. Potential risks and uncertainties include, but are not limited to, (i) the risk that required regulatory approvals may delay the Offer or result in the imposition of conditions that could have a material adverse effect on the Combined Group or cause the Offeror, NN Group and Delta Lloyd to abandon the Offer, (ii) the risk that the Offer Conditions may not be satisfied, (iii) risks relating to NN Group’s ability to successfully operate Delta Lloyd without disruption to its other business activities, which may result in the Combined Group not operating as effectively and efficiently as expected, (iv) the possibility that the Offer may involve unexpected costs, unexpected liabilities or unexpected delays, (v) the risk that the businesses of the Offeror, NN Group and Delta Lloyd may suffer as a result of uncertainty surrounding the Offer, (vi) the effects of competition (in particular the response to the Transaction in the marketplace) and competitive developments or risks inherent to NN Group’s or Delta Lloyd’s business plans, (vii) the risk that disruptions from the Transaction will harm relationships with customers, employees and suppliers, (viii) political, economic or legal changes in the markets and environments in which NN Group and/or Delta Lloyd does business, (ix) economic conditions in the global markets in which NN Group and Delta Lloyd operate, (x) uncertainties, risk and volatility in financial markets affecting the Offeror, NN Group and/or Delta Lloyd, and (xi) other factors that can be found in NN Group’s and its subsidiaries’ and Delta Lloyd’s press releases and public filings. Neither the Offeror, NN Group nor Delta Lloyd, nor any of their respective Affiliates and advisors, accepts any responsibility for any financial information contained in this Offer Memorandum relating to the business, results of operations or financial condition of the other or their respective groups. Each of the Offeror, NN Group and Delta Lloyd expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based except as required by applicable laws and regulations or by any competent regulatory authority.

3.10 Financial Advisors

3.10.1 Advisors to the Offeror and NN Group

J.P. Morgan Limited (***JPMorgan***), Morgan Stanley & Co. LLC (***Morgan Stanley***) and ING Bank N.V., acting through its Corporate Finance division, (***ING Corporate Finance***) are acting as financial advisors exclusively to the Offeror and NN Group and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Offeror and NN Group for providing the protections afforded to the clients of JPMorgan, Morgan Stanley and ING Corporate Finance or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

JPMorgan, Morgan Stanley and ING Corporate Finance have given and have not withdrawn their written consent to the references to their respective names in the form and context in which they appear in this Offer Memorandum.

3.10.2 Advisors to Delta Lloyd

Goldman Sachs is acting as financial advisor exclusively to the Delta Lloyd Boards and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Delta Lloyd Boards for providing the protections afforded to the clients of Goldman Sachs for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

Goldman Sachs has given and has not withdrawn its written consent to the references to its name in the form and context in which they appear in this Offer Memorandum.

Bank of America Merrill Lynch is acting as financial advisor exclusively to the Delta Lloyd Supervisory Board and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer and will not be responsible to anyone other than the Delta Lloyd Supervisory Board for providing the protections afforded to the clients of Bank of America Merrill Lynch or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

Bank of America Merrill Lynch has given and has not withdrawn its written consent to the references to its name in the form and context in which they appear in this Offer Memorandum.

Goldman Sachs issued a Fairness Opinion to the Delta Lloyd Boards dated 23 December 2016 and Bank of America Merrill Lynch issued a Fairness Opinion to the Delta Lloyd Supervisory Board dated 22 December 2016. The full text of the Fairness Opinions is included in the Position Statement. The Fairness Opinions are not a recommendation as to whether or not a holder of Shares should tender such Shares in connection with the Offer or any other matter.

4. DEFINITIONS

Any reference in this Offer Memorandum to defined terms in plural form will constitute a reference to such defined terms in singular form, and vice versa. All grammatical and other changes required by the use of a definition in singular form will be deemed to have been made herein and the provisions hereof will be applied as if such changes have been made.

Defined terms used in this Offer Memorandum will have the following meaning:

Acceptance Threshold	has the meaning given to it in Section 6.7.1(a) (*Acceptance Threshold*);
Admitted Institutions	means those institutions admitted to Euronext Amsterdam (*aangesloten instellingen*) and Euronext Brussels;
Affiliates	means in relation to the Offeror, NN Group and/or Delta Lloyd, any subsidiary or parent company of the Offeror, NN Group and/or Delta Lloyd and any subsidiary of such parent company, in each case from time to time, provided that at no time will Delta Lloyd or any of its subsidiaries or parent companies be considered an Affiliate of the Offeror (or *vice versa*);
AFM	means The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*);
Alternative Proposal	has the meaning given to it in Section 6.21.1 (*Exclusivity*);
Antitrust Authorities	means the European Commission or the competent authorities of a Member State if the European Commission makes a referral in whole or in part under Article 4 or 9 of the EU Merger Regulation, as well as any other competent authority of any jurisdiction whose laws prohibit the Offeror from completing the consummation of the Offer before clearance is obtained under such national merger control;
Antitrust Laws	means the Dutch Competition Act (*Mededingingswet*), dated 22 May 1997, as amended from time to time, the EU Merger Regulation and any other law, regulation or decree (whether national, international, federal, state or local) designed to prohibit, restrict or regulate actions for the purpose or effect of monopolization or restraint of trade or the significant impediment of effective competition;

Applicable Rules	means all applicable laws and regulations, including without limitation, the applicable provisions of the Wft, the European Market Abuse Regulation (596/2014), the Decree, the rules and regulations promulgated pursuant to the Wft and the Decree, the policy guidelines and instructions of the AFM, the WOR, the *SER Fusiegedragsregels 2015* (the Dutch code in respect of informing and consulting of trade unions), the rules and regulations of Euronext Amsterdam and Euronext Brussels, the Dutch Civil Code, the Belgian Law on public takeover bids of 1 April 2007, the relevant securities and employee consultation rules and regulations in other applicable jurisdictions and any relevant Antitrust Laws applicable to the Transaction;
Bank of America Merrill Lynch	means Bank of America Merrill Lynch International Limited, Amsterdam Branch;
Benelux Operations	has the meaning given to it in Section 6.14 (*Integration*);
Business Day	means a day other than a Saturday or Sunday on which banks in The Netherlands and Belgium, Euronext Amsterdam and Euronext Brussels are generally open for normal business;
Call Option	has the meaning given to it in Section 7.10 (*Foundation*);
CET	means Central European Time;
Closing Date	means the time and date on which the Offer Period expires, being at 17:40 hours, CET, on 7 April 2017, unless extended by the Offeror in accordance with Section 5.6 (*Extension*), in which case the closing date shall be the date on which the extended Offer Period expires;
Combined Group	means the group constituted by NN Group and Delta Lloyd and their respective Affiliates after the Settlement Date;
Committed Shares	has the meaning given to it in Section 6.7.1(a) (*Acceptance Threshold*);
Competing Offer	means an unsolicited written proposal to make a (public) offer for all Shares or all or substantially all of the assets of the Delta Lloyd Group or a merger or reverse takeover of Delta Lloyd, made by a party who,

in the reasonable opinion of Delta Lloyd (including the Delta Lloyd Supervisory Board), is a *bona fide* third party and which proposal in the reasonable opinion of Delta Lloyd (including the Delta Lloyd Supervisory Board), having consulted its financial and legal advisors and considering, among others, level and character of consideration, certainty of financing, conditionality, integrity of the business and position of employees, constitutes a competing offer if:

i. it is launched, or is binding on the offering party concerned in the sense that such offering party has (i) committed itself under customary conditions to Delta Lloyd to launch a competing offer within four (4) weeks and (ii) publicly announced its intention to launch a competing offer, which announcement includes the proposed price per Share and the relevant conditions precedent in relation to such offer and the commencement thereof;

ii. the consideration offered per Share is valued at an amount exceeding the Offer Price by 7% or more and is in cash or in publicly traded equity securities (for these purposes valued at the date of the commitment under (i) above). To the extent that the Potential Competing Offer is an offer for all or substantially all of the assets of the Delta Lloyd Group, the calculation shall be made on the basis of the net proceeds (excluding dividend and withholding tax) to be distributed to the Shareholders resulting from such a transaction (to be valued at the first trading day on Euronext Amsterdam following the execution of the Merger Protocol) calculated on a per Share basis. In the event that the consideration consists partly or solely of shares, the share component shall be valued, for the purposes of calculating the foregoing threshold, at the average share price for the offered shares during the last 90 days prior to the announcement of the Potential Competing Offer; and

iii. it is determined by the Delta Lloyd Boards to be more beneficial to Delta Lloyd and its stakeholders than the Offer, specifically taking into account the identity and track record of such third party, the consideration to be received by

	Shareholders, the likelihood of completion, the other terms and conditions of the offer, including non-financial covenants, and the interests of all stakeholders of Delta Lloyd;
Competition Clearance	means Phase I Competition Clearance or Phase II Competition Clearance, as the case may be, or, if relevant, any approval of any EU Member State in case of a referral by the European Commission to a national competition authority, allowing NN Group to acquire and vote on the Shares tendered under the Offer as per the Settlement Date;
Conditional Performance Shares	has the meaning given to it in Section 7.13.1 (*Existing plans*);
Continuing Members	has the meaning given to it in Section 6.16.2 (*Composition of the Delta Lloyd Supervisory Board*);
Decree	means the Dutch Decree on public offers Wft (*Besluit openbare biedingen Wft*), as amended from time to time;
Delta Lloyd	means Delta Lloyd N.V., a public limited liability company (*naamloze vennootschap*) incorporated under the laws of The Netherlands, whose statutory seat is in Amsterdam, The Netherlands, and whose principal office is at Amstelplein 6, 1096 BC, Amsterdam, The Netherlands;
Delta Lloyd Articles of Association	means the articles of association (*statuten*) of Delta Lloyd, as amended from time to time;
Delta Lloyd Boards	means the Delta Lloyd Supervisory Board and the Delta Lloyd Executive Board together;
Delta Lloyd Executive Board	means the executive board (*raad van bestuur*) of Delta Lloyd;
Delta Lloyd Group	means Delta Lloyd and its Affiliates from time to time;
Delta Lloyd Supervisory Board	means the supervisory board (*raad van commissarissen*) of Delta Lloyd;
Delta Lloyd Works Council	means the works council of Delta Lloyd;
Distribution	has the meaning given to it in Section 5.1.2 (*Distributions*);

DNB	means De Nederlandsche Bank N.V.;
Dutch Business Day	means a day other than a Saturday or Sunday on which banks in The Netherlands and Euronext Amsterdam are generally open for normal business;
Dutch Civil Code	means the Dutch Civil Code (*Burgerlijk Wetboek*);
Dutch Corporate Governance Code	means the Dutch corporate governance code, from time to time;
EBITDA	means earnings before interest, taxes, depreciation and amortisation;
EGMs	means the Offer EGM and the Legal Merger EGM together;
EY	means Ernst & Young Accountants LLP;
Exclusivity Period	means the period commencing on the date of the Merger Protocol and ending on the earlier of (i) the date of termination of the Merger Protocol and (ii) the Settlement Date;
Exchange Ratio	has the meaning given to it in Section 6.11.5(c) (*Description of the Legal Merger*);
EU-IFRS	means the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Commission for use in the European Union;
EU Merger Regulation	means Council Regulation (EC) No. 139/2004;
Euronext Amsterdam	means the stock exchange of Euronext Amsterdam, the regulated market operated by Euronext Amsterdam N.V.;
Euronext Brussels	means the stock exchange of Euronext Brussels, the regulated market operated by Euronext Brussels SA/NV;
Fairness Opinions	means the fairness opinions issued by Goldman Sachs and Bank of America Merrill Lynch;
Foundation	has the meaning given to it in Section 7.10 (*Foundation*);
Foundation Option Agreement	has the meaning given to it in Section 7.10

	(*Foundation*);
FSMA	means the Belgian Financial Services and Markets Authority;
Goldman Sachs	means Goldman Sachs International;
I/B/E/S	means Institutional Brokers' Estimate System;
Incentive Plans	has the meaning given to it in Section 7.13.1 (*Existing plans*);
ING Corporate Finance	means ING Bank N.V., acting through its Corporate Finance division;
Initial Announcement	has the meaning given to it in Section 6.1 (*Introduction*);
JPMorgan	means J.P. Morgan Limited;
Legal Merger	has the meaning given to it in Section 6.11.5(c) (*Description of the Legal Merger*);
Legal Merger EGM	has the meaning given to it in Section 6.11.5(c) (*Description of the Legal Merger*);
Legal Merger Resolution	has the meaning given to it in Section 6.19.2 (*Legal Merger EGM*);
Long Stop Date	means 30 September 2017;
Matching Offer Period	has the meaning given to it in Section 6.21.3 (*Commitment of Delta Lloyd regarding Competing Offers*);
Matching Revised Offer	has the meaning given to it in Section 6.21.3 (*Commitment of Delta Lloyd regarding Competing Offers*);
Matching Right	has the meaning given to it in Section 6.21.3 (*Commitment of Delta Lloyd regarding Competing Offers*);
Material Adverse Effect	means any change, event, circumstance or effect (any such items an ***Effect***) individually or when taken together with all other Effects, that is or is reasonably likely to be sustainably materially adverse to the business, the assets, the liabilities, the financial condition or capitalisation of Delta Lloyd and its Affiliates, taken as a whole, such that the Offeror

cannot reasonably be expected to declare the Offer unconditional, as the case may be, provided, however, that for the purpose of determining whether there has been, or will be, a Material Adverse Effect, the following Effects will not be taken into account:

i. changes or conditions generally affecting the industries in which Delta Lloyd and its Affiliates operate, or the economy or the financial or securities markets in the Netherlands, except in the case of a breakdown of the financial markets or fundamental negative developments in the global insurance industry;

ii. any natural disaster, pandemic, the outbreak or escalation of war, sabotage, military action, act of god, armed hostilities, acts of terrorism, or any escalation or worsening thereof;

iii. changes in economic, political or market conditions (including volatility in interest rates), including any adverse development regarding the European Union, its member states (including members states leaving such union) and the Euro zone (including one or more member states leaving or forced to leave such zone);

iv. changes or prospective changes in laws or regulations or generally accepted accounting principles, or the interpretation or enforcement thereof, including any changes proposed or adopted by any financial regulator such as DNB (including the outcome of the LACDT review), the National Bank of Belgium and the European Central Bank;

v. any failure, in and of itself, by Delta Lloyd or the Delta Lloyd Group to meet any internal or published projections, including solvency projections, forecasts or revenue or earnings predictions (provided, however, that, in the case of this paragraph the underlying cause for such failure may be considered in determining whether there may be a Material Adverse Effect);

vi. the credit, financial strength or other ratings (provided, however, that, in the case of this paragraph, the underlying cause for such change, event, circumstance or effect relating to credit, financial strength or other ratings may be considered in determining whether there may be a Material Adverse Effect) of Delta Lloyd or the Delta Lloyd Group;

vii. any Effect resulting from any act or omission of the Offeror, whether before or after the date of execution of the Merger Protocol, including any action taken by Delta Lloyd or any member of the Delta Lloyd Group with the Offeror's written consent or at the Offeror's direction (or not taken where such consent has been withheld) or compliance by Delta Lloyd with the terms of, or that taking of any action required by, the Merger Protocol;

viii. any Effect resulting from (i) the entry into, execution, performance (including the taking of any action required hereby or the failure to take any action prohibited hereby) of the Merger Protocol, (ii) the announcement of the Merger Protocol, the Offer and the Transaction, or (iii) the making or implementation of the Offer;

ix. a breach of the Merger Protocol or applicable law by the Offeror;

x. any litigation having been commenced by shareholders in relation to the Transaction; or

xi. any Effect (including but not limited to litigation) which is known or should reasonably have been known to the Offeror as per the date of execution of the Merger Protocol,

and provided, however, that the impact of any adverse Effect described in subparagraphs (i), (ii), (iii) and (iv) shall be included for purposes of determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur if such Effect has or would reasonably be expected to have a materially disproportionate adverse effect on the Offeror and its Affiliates, taken as a whole, as compared to similarly situated companies in the industries in which the Offeror and its Affiliates operate; and, furthermore, it being acknowledged and agreed in the Merger Protocol by NN Group and Delta Lloyd that any information in

	respect of Delta Lloyd (including but not limited to information on longevity assumptions, risk margin, expense allocation and LACDT recognition in respect of, or relating to, Delta Lloyd) that is known or should be known to NN Group as of the date of the Merger Protocol, whether on the basis of public disclosures of Delta Lloyd as of the date of the Merger Protocol or on the basis of the due diligence investigation conducted by NN Group, will not qualify as a Material Adverse Effect;
Morgan Stanley	Morgan Stanley & Co. LLC;
Member States	means the states that are party to the Treaty on European Union and to the Treaty on the Functioning of the European Union;
Merger Protocol	means the merger protocol agreed and signed by NN Group and Delta Lloyd on 22 December 2016;
NN Group	means NN Group N.V., a public limited liability company (*naamloze vennootschap*) incorporated under the laws of The Netherlands, having its registered seat at ‘s-Gravenhage, The Netherlands and its address at Schenkkade 65, 2595 AS ‘s-Gravenhage, The Netherlands;
NN Group Executive Board	means the executive board (*raad van bestuur*) of NN Group;
NN Group Management Board	means the management board of NN Group;
NN Group Shares	has the meaning given to it in Section 6.11.5(c) (*Description of the Legal Merger*);
NN Group Supervisory Board	means the supervisory board (*raad van commissarissen*) of NN Group;
NN Group Works Council	means the works council of NN Group;
Non-Financial Covenants	has the meaning given to it in Section 6.18.1 (*Duration*);
Offer	means the offer described in this Offer Memorandum;
Offer Conditions	means the conditions to the Offer set out in Section 6.7.1 (*Offer Conditions*);
Offer EGM	means the extraordinary general meeting of shareholders of Delta Lloyd that is to be held in

	accordance with Article 18, paragraph 1 of the Decree at least 6 (six) Business Days prior to the Closing Date;
Offer EGM Resolutions	has the meaning given to it in Section 6.19 (*EGMs*);
Offer Memorandum	means this offer memorandum (*biedingsbericht*) describing the terms, conditions and restrictions of the Offer;
Offeror	means NN Group Bidco B.V., a private limited liability company (*besloten vennootschap*) incorporated under the laws of The Netherlands, having its registered seat at 's-Gravenhage, The Netherlands and its address at Schenkkade 65, 2595 AS 's-Gravenhage, The Netherlands;
Offeror Group	means the Offeror and its Affiliates from time to time;
Offer Period	means the period during which the Shareholders can tender their Shares to the Offeror, which commences at 09:00 hours, CET, on 3 February 2017 and ends at 17:40 hours, CET, on the Closing Date;
Offer Price	has the meaning given to it in Section 5.1.1 (*Consideration*);
Phase I Competition Clearance	means that the Transaction contemplated by this Offer Memorandum is declared by the European Commission to be compatible with the common market, whether unconditionally or subject to any such conditions, obligations, undertakings or modifications as the decision may identify, pursuant to Article 6(1)(a), 6(1)(b) or 6(2) of the EU Merger Regulation or deemed to have been declared compatible with the common market pursuant to Article 10(6) of the EU Merger Regulation;
Phase II Competition Clearance	means that the Transaction contemplated by this Offer Memorandum is declared by the European Commission to be compatible with the common market, whether unconditionally or subject to any such conditions, obligations, undertakings or modifications as the decision may identify, pursuant to Article 8(1) or 8(2) of the EU Merger Regulation or deemed to have been declared compatible with the common market pursuant to Article 10(6) of the EU Merger Regulation;
Position Statement	means the position statement of Delta Lloyd which

does not form part of this Offer Memorandum;

Post Closing Acceptance Period	means a period of two (2) weeks after the Offer Period during which the Shareholders that have not yet tendered their Shares under the Offer are given the opportunity to do so in the same manner and under the same conditions as set out in this Offer Memorandum;
Post Closing Measures	has the meaning given to it in Section 6.11.6 (*Other Post Closing Measures*);
Potential Competing Offer	means an unsolicited written proposal to make a (public) offer for all Shares or all or substantially all of the assets of the Delta Lloyd Group or a merger or reverse takeover of Delta Lloyd, made by a party who, in the reasonable opinion of Delta Lloyd (including the Delta Lloyd Supervisory Board), is a *bona fide* third party and which proposal in the reasonable opinion of Delta Lloyd (including the Delta Lloyd Supervisory Board), having consulted its financial and legal advisors and considering, among others, level and character of consideration, certainty of financing, conditionality, integrity of the business and position of employees, could reasonably be expected to become a Competing Offer;
Preference Shares A	has the meaning given to it in Section 6.20 (*Preference Shares A*);
Protective Preference Shares	means the preference shares in the share capital of Delta Lloyd with a nominal value of EUR 0.20 (twenty euro cent) each;
QIB Confirmations	has the meaning given to it in Section 6.11.5(c) (*Description of the Legal Merger*);
Recommendation	has the meaning given to it in Section 6.6 (*Recommendation*);
Reference Date	means 4 October 2016, the last trading day before the Initial Announcement;
Regulatory Authorities	means DNB, the European Central Bank and the National Bank of Belgium, as well as any other regulatory authority of any jurisdiction whose laws prohibit the completion of the Transaction before approval or consent is obtained from such regulatory authorities, other than Antitrust Authorities;

Settlement	means the payment of the Offer Price by the Offeror to the Shareholders for each Tendered Share;
Settlement Agent	means ABN AMRO Bank N.V.;
Settlement Date	means the date, being no later than the third (3^{rd}) Business Day after the Unconditional Date, on which, in accordance with the terms of the Offer, the Offeror will pay the Offer Price to the Shareholders for each Tendered Share;
Shareholder(s)	means (a) holder(s) of one or more Share(s);
Shares	means the issued and outstanding ordinary shares in the share capital of Delta Lloyd with a nominal value of EUR 0.20 (twenty euro cent) each;
Statutory Squeeze-Out	has the meaning given to it in Section 6.11.4 (*Squeeze-Out*);
Squeeze-Out	has the meaning given to it in Section 6.11.4 (*Squeeze-Out*);
Subsequent Higher Offer	has the meaning given to it in Section 6.21.4 (*Commitment of Delta Lloyd regarding Subsequent Competing Offers*);
Takeover Directive	means Directive 2004/25 EC of the European Parliament and of the Council dated 21 April 2004;
Takeover Squeeze-Out	has the meaning given to it in Section 6.11.4 (*Squeeze-Out*);
Tendered Share	means each Share validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) and transferred (*geleverd*) (as applicable) for acceptance pursuant to the Offer prior to or on the Closing Date;
Transaction	means the Offer and all transactions contemplated therewith, including, for the avoidance of doubt, the Legal Merger;
Transition Committee	has the meaning given to it in Section 6.14 (*Integration*);
Unconditional Date	has the meaning given to it in Section 5.5 (*Declaring the Offer unconditional (gestanddoening)*);

U.S. Exchange Act	means the U.S. Securities Exchange Act of 1934, as amended;
U.S. Holder	has the meaning given to it in Section 6.11.5(d) (*QIB Confirmations*);
U.S. Securities Act	means the U.S. Securities Act of 1933, as amended;
Wft	means the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*); and
WOR	means the Dutch Works Council Act (*Wet op de Ondernemingsraden*).

5. INVITATION TO THE SHAREHOLDERS

The Offeror hereby makes a recommended public cash offer for all Shares. Shareholders are advised to review this Offer Memorandum and in particular Section 2 (*Restrictions*) and Section 3 (*Important Information*) thoroughly and completely and to seek independent advice where appropriate in order to reach a balanced judgement with respect to the Offer and this Offer Memorandum. Shareholders who consider not tendering their Shares are advised to review Section 6.11 (*Consequences of the Offer*) in particular.

With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Shareholders are hereby invited to tender their Shares under the Offer in the manner and subject to the terms and restrictions set out in this Offer Memorandum.

5.1 Offer Price

5.1.1 Consideration

For each Share tendered under the Offer, the Offeror offers the Offer Price, being a consideration of EUR 5.40 (five euro and forty euro cent) in cash cum dividend.

5.1.2 Distributions

The Offer Price includes any (interim) cash or share dividend or other distribution on the Shares that is or may be declared by Delta Lloyd on or prior to the Settlement Date and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date. Consequently, if on or prior to the Settlement Date any cash or share dividend or other distribution (each a ***Distribution*** and collectively, the ***Distributions***) is declared in respect of the Shares and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by the full amount of any such Distribution made by Delta Lloyd in respect of each Share (before any applicable withholding tax). For the avoidance of doubt, the interim dividend of EUR 0.10 (ten euro cent) per Share declared by Delta Lloyd and paid on 8 September 2016 will not be deducted from the Offer Price.

Any adjustment to the Offer Price resulting from a Distribution by Delta Lloyd will be communicated in accordance with Section 5.12 (*Announcements*) of this Offer Memorandum.

5.2 Acceptance by Shareholders

5.2.1 Acceptance by holders of Shares through Admitted Institutions

Shareholders who hold their Shares through an Admitted Institution are requested to make their acceptance known through their bank or stockbroker no later than 17:40 hours, CET, on the Closing Date, unless the Offer Period is extended in accordance with Section 5.6 (*Extension*). The custodian, bank or stockbroker may set an earlier deadline for communication by Shareholders in order to permit the custodian, bank or stockbroker to communicate its acceptances to the Settlement Agent in a timely manner. Accordingly, Shareholders holding Shares through a financial intermediary should comply with the dates communicated by such financial intermediary, as such dates may differ from the dates and times noted in this Offer Memorandum.

Admitted Institutions may tender Shares for acceptance only to the Settlement Agent and only in writing. In submitting the acceptance, Admitted Institutions are required to declare that (i) they have the tendered Shares in their administration, (ii) each Shareholder who accepts the Offer irrevocably represents and warrants that (a) the tendered Shares are being tendered in compliance with the restrictions set out in Sections 2 (*Restrictions*) and 3 (*Important Information*) and (b) it is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the US government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the US "Sectoral Sanctions Identifications (SSI) List" or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended, and (iii) they undertake to transfer these tendered Shares to the Offeror prior to or ultimately on the Settlement Date, provided that the Offer has been declared unconditional (*gestand wordt gedaan*).

Subject to Article 5b, paragraph 5, Article 15, paragraphs 3 and 8 and Article 15a paragraph 3 of the Decree, the tendering of Shares in acceptance of the Offer will constitute irrevocable instructions (i) to block any attempt to transfer the Shares tendered, so that on or prior to the Settlement Date no transfer of such Shares may be effected (other than to the Settlement Agent on or prior to the Settlement Date if the Offer is declared unconditional (*gestand wordt gedaan*) and the Shares have been accepted for purchase) and (ii) to debit the securities account in which such Shares are held on the Settlement Date in respect of all of the Tendered Shares, against payment by the Settlement Agent of the Offer Price per Share.

5.2.2 Acceptance by holders of Shares individually recorded in Delta Lloyd's shareholders' register

There are no holders of Shares individually recorded in Delta Lloyd's shareholders' register.

5.2.3 Validity of Tendered Shares and waiver of defects

The Offeror will determine questions as to the validity, form, eligibility, including time of receipt, and acceptance for purchase of any tender of Shares, in its sole reasonable discretion and the Offeror's determination will be final and binding. The Offeror reserves the right to reject any and all tenders of Shares that it in all reasonableness determines are not in proper form or the acceptance for purchase of which may be unlawful. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. The Offeror's interpretation of the terms and conditions of the Offer, including the acceptance forms and instructions thereto, will be final and binding.

There shall be no obligation on the Offeror, the Settlement Agent, or any person acting on its or their behalf to give notice of any defects or irregularities in any acceptance or notice of withdrawal and no liability shall be incurred by any of them for failure to give any such notification.

The Offeror reserves the right to accept any tender of Shares pursuant to the Offer, even if such tender has not been made in compliance with the terms and conditions of the Offer (including the procedures set forth in this Section 5.2 (*Acceptance by Shareholders*)).

If any Shares tendered in accordance with the instructions set forth in this Offer Memorandum are not accepted for purchase pursuant to the terms and conditions of this Offer, the Offeror will cause these Shares to be returned promptly following the announcement of the lapse or withdrawal of the Offer, as the case may be.

5.2.4 Undertakings, representations and warranties by tendering Shareholders

Each Shareholder tendering Shares pursuant to the Offer, by such tender, undertakes, represents and warrants to the Offeror, on the date that such Shares are tendered and on the Settlement Date, that:

(a) the tender of any Shares constitutes an acceptance by the Shareholder of the Offer, on and subject to the terms and conditions of the Offer;

(b) such Shareholder has full power and authority to tender, sell and transfer (*leveren*) the Shares tendered by it, and has not entered into any other agreement to tender, sell or transfer (*leveren*) the Shares stated to have been tendered to any party other than the Offeror (together with all rights attaching thereto) and, when the same are purchased by the Offeror under the Offer, the Offeror will acquire such Shares, with full title guarantee and free and clear of all third party rights and restrictions of any kind;

(c) such Shares are being tendered in compliance with the restrictions as set out in Section 2 (*Restrictions*) and Section 3 (*Important Information*) and the securities and other applicable laws or regulations of the jurisdiction in which such Shareholder is located or of which it is a resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Shares;

(d) such Shareholder acknowledges and agrees that having tendered its Shares, such Shareholder shall, as from the Settlement Date, be deemed to have waived any and all rights or entitlements that such Shareholder may have in its capacity as shareholder of Delta Lloyd or otherwise in connection with its shareholding in Delta Lloyd vis-à-vis any member of the Delta Lloyd Group and any member of the Delta Lloyd Boards; and

(e) such Shareholder is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the US government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the US "Sectoral Sanctions Identifications (SSI) List" or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended.

5.3 Withdrawal Rights

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tender:

(a) during any extension of the Offer Period in accordance with the provisions of Article 15, paragraph 3 of the Decree;

(b) following an announcement of a mandatory public bid in accordance with the provisions of Article 5b, paragraph 5 of the Decree, provided that such Shares were already tendered prior to the announcement and withdrawn within seven (7) Business Days following the announcement;

(c) following the filing of a successful request to set a reasonable price for a mandatory public bid in accordance with the provisions of Article 15, paragraph 8 of the Decree, provided that (i) such request was granted, (ii) such Shares were already tendered prior to the filing of such request, and (iii) withdrawn within seven (7) Business Days following the date on which the judgment of the Dutch Enterprise Chamber was declared provisionally enforceable or became final and conclusive;

(d) following an increase of the Offer Price as a result of which the Offer Price does no longer only consist of a cash component and a document in relation thereto is made generally available in accordance with the provisions of Article 15a paragraph 3 of the Decree, provided that such Shares were already tendered prior to the request and withdrawn within seven (7) Business Days following such document being made available.

To withdraw previously tendered Shares, holders of Shares held through Admitted Institutions must instruct the Admitted Institution they initially instructed to tender the Shares to arrange for the withdrawal of such Shares by the timely deliverance of a written or facsimile transmission notice of withdrawal to the Settlement Agent.

Any notice of withdrawal for Shares must specify the name of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from that of the person who tendered such Shares. The signature(s) on the notice of withdrawal of Shares must be guaranteed by an Admitted Institution, unless such Shares have been tendered for the account of any intermediary.

5.4 Offer Period (*aanmeldingstermijn*)

The Offer Period will commence at 09:00 hours, CET, on 3 February 2017 and will expire on 7 April 2017 at 17:40 hours, CET, unless the Offer Period is extended in accordance with Section 5.6 (*Extension*).

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tender during any extension of the Offer Period in accordance with Section 5.3 (*Withdrawal Rights*). If the Offer Period is extended, any Shares previously tendered and not withdrawn will remain subject to the Offer. Shares tendered during an extension of the Offer Period may not be withdrawn.

If all conditions to the Offer are satisfied or, where appropriate, waived, the Offeror will accept all Shares that have been validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) and not previously withdrawn in accordance with the procedures set forth in Section 5.2 (*Acceptance by Shareholders*).

5.5 Declaring the Offer unconditional (*gestanddoening*)

The Offer will be subject to the satisfaction or waiver of the Offer Conditions. See also Section 6.7 (*Offer Conditions, waiver and satisfaction*). The Offer Conditions may be waived, to the extent permitted by law or by agreement, as set out in Section 6.7 (*Offer Conditions, waiver and satisfaction*). If the Offeror or Delta Lloyd wishes to (wholly or partly) waive one or more Offer Conditions according to Section 6.7.2 (*Waiver*), the Offeror will inform the Shareholders as required by the Applicable Rules.

No later than on the third (3^{rd}) Business Day following the Closing Date, such date being the ***Unconditional Date***, the Offeror will determine whether the Offer Conditions have been satisfied or waived as set out in Section 6.7 (*Offer Conditions, waiver and satisfaction*), to the extent permitted by law. In addition, the Offeror will announce on the Unconditional Date whether (i) the Offer is declared unconditional, (ii) the Offer will be extended in accordance with Article 15 of the Decree or (iii) the Offer is terminated as a result of the Offer Conditions set out in Section 6.7 (*Offer Conditions, waiver and satisfaction*) not having been satisfied or waived, all in accordance with Article 16 of the Decree and the Merger Protocol. In the event that the Offer is not declared unconditional, the Offeror will explain such decision.

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), the Offeror will accept all Tendered Shares and will continue the Offer during a Post Closing Acceptance Period (*na-aanmeldingstermijn*) as set out in Section 5.8 (*Post Closing Acceptance Period (na-aanmeldingstermijn)*).

5.6 Extension

If one or more of the Offer Conditions set out in Section 6.7 (*Offer Conditions, waiver and satisfaction*) is not satisfied by the Closing Date or waived in accordance with Section 6.7.2 (*Waiver*), the Offeror may, subject to prior consultation with Delta Lloyd and in accordance with Article 15, paragraph 1 and paragraph 2 of the Decree, extend the Offer for a minimum period of two (2) weeks and a maximum period of ten (10) weeks in order to have such Offer Conditions satisfied or waived and, if the Offer Condition relating to Competition Clearance set out in Section 6.7.4(b) (*Offer Conditions, waiver and satisfaction*) is not satisfied or waived or the Offer Condition relating to other regulatory approvals set out in Section 6.7.4(c) (*Offer Conditions, waiver and satisfaction*) is not satisfied or waived because the declaration of no objection from DNB, the National Bank of Belgium or the European Central Bank is not obtained on the initial Closing Date, the Offeror must extend the initial Offer Period for one or more periods of time (subject to, in respect of an extension by more than one period, receipt of an exemption granted by the AFM, to be requested by the Offeror) until such time as the Offeror and Delta Lloyd reasonably believe is necessary to cause such Offer Condition to be satisfied.

Extension of the Offer Period may in any event occur once (extension for more than one period is subject to clearance of the AFM, which will only be given in exceptional circumstances). In case of such extension all references in this Offer Memorandum to 17:40 hours CET on the Closing Date shall, unless the context requires otherwise, be changed to the latest date and time to which the Offer Period has been so extended.

If the Offer Period is extended, so that the obligation pursuant to Article 16 of the Decree to announce whether the Offer is declared unconditional is postponed, a public announcement to that effect will be made ultimately on the third (3rd) Business Day (whereby, for the purpose of making this announcement, 'Business Day' shall mean a day other than a Saturday or Sunday on which banks in The Netherlands and Euronext Amsterdam are generally open for normal business, being a ***Dutch Business Day***, only) following the Closing Date in accordance with the provisions of Article 15, paragraph 1 and paragraph 2 of the Decree. If the Offeror extends the Offer Period, the Offer will expire on the latest time and date to which the Offeror extends the Offer Period.

During an extension of the Offer Period, any Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of each Shareholder to withdraw the Shares he or she has already tendered in accordance with Section 5.3 (*Withdrawal Rights*).

5.7 Settlement

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), Shareholders who have tendered and transferred (*geleverd*) their Shares for acceptance pursuant to the Offer on or prior to the Closing Date will receive within three (3) Business Days following the Unconditional Date the Offer Price in respect of each Tendered Share, as of which moment revocation, dissolution or annulment of a Shareholder's tender or transfer (*levering*) shall not be permitted.

5.8 Post Closing Acceptance Period (*na-aanmeldingstermijn*)

In the event that the Offeror announces that the Offer is declared unconditional *(gestand wordt gedaan)*, the Offeror will, in accordance with Article 17 of the Decree, within three (3) Dutch Business Days after declaring the Offer unconditional, publicly announce a Post Closing Acceptance Period *(na-aanmeldingstermijn)* of two (2) weeks to enable Shareholders who did not tender their Shares during the Offer Period to tender their Shares under the same terms and conditions as the Offer.

The Offeror will publicly announce the results of the Post Closing Acceptance Period and the total amount and total percentage of Shares held by it in accordance with Article 17, paragraph 4 of the Decree ultimately on the third (3rd) Business Day following the last day of the Post Closing Acceptance Period. The Offeror shall continue to accept for payment all Shares validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during such Post Closing Acceptance Period and shall pay for such Shares within three (3) Business Days following the last day of the Post Closing Acceptance Period.

During the Post Closing Acceptance Period, Shareholders have no right to withdraw Shares from the Offer, whether validly tendered during the Offer Period (or defectively tendered provided that such defect has been waived by the Offeror) or during the Post Closing Acceptance Period.

5.9 Commission

Admitted Institutions will receive from the Settlement Agent on behalf of the Offeror a commission of EUR 0.0004 in respect of each Tendered Share up to a maximum of EUR 1,000 (thousand euros) per Shareholder. The commission must be claimed from the Offeror through the Settlement Agent within thirty (30) days of the Settlement Date. No costs will be charged to Shareholders by the Offeror or by Delta Lloyd for the transfer and payment of each Tendered Share if an Admitted Institution is involved. However, Shareholders may be charged certain fees by their banks or stockbrokers. Costs may also be charged to Shareholders by or on behalf of a foreign institution involved in the transfer and payment of the Tendered Shares. Shareholders should consult their banks and stockbrokers regarding any such fees.

5.10 Dividends

Following the Settlement Date, the current dividend policy of Delta Lloyd may be discontinued. Delta Lloyd will most likely not implement a new dividend policy. Any Distribution made in respect of Shares not tendered under the Offer after the Settlement Date will *pro rata* be deducted from the price per Share for the purpose of establishing such price in any statutory merger, squeeze-out or other measure contemplated by Section 6.11.5 (*Pre-wired post-closing restructuring*) and Section 6.11.6 (*Other Post Closing Measures*).

5.11 Withholding

The Offeror is entitled to deduct and withhold from the Offer Price such amounts as the Offeror is required to deduct and withhold with respect to the making of such payment under any provision of applicable tax or social security law. To the extent that amounts are so withheld by the Offeror, such amounts shall be treated for all purposes as having been paid to the Shareholders on behalf of which such deduction and withholding was made by the Offeror.

5.12 Announcements

Announcements contemplated by the foregoing paragraphs will be made by press release and, if required, made public in Belgium by means of a supplement to the Offer Memorandum, in accordance with Article 17 of the Belgian Law on public takeover bids of 1 April 2007.

Any press release issued by NN Group will be made available on NN Group's website (www.nn-group.com) and any press release issued by Delta Lloyd will be made available on Delta Lloyd's website (www.deltalloyd.com). Subject to any applicable requirements of the Applicable Rules and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described above.

5.13 Restrictions

The Offer is being made with due observance of the statements, conditions and restrictions included in this Offer Memorandum.

5.14 Indicative timetable

Expected date and time (All times are CET)	**Event**
07:00 hours, 2 February 2017	Press release announcing the availability of this Offer Memorandum and the commencement of

	the Offer
09:00 hours, 3 February 2017	Commencement of the Offer Period
10:30 hours, 29 March 2017	Offer EGM, at which meeting the Offer, among other matters, will be discussed and the Offer EGM Resolutions will be voted upon
Immediately following Offer EGM on 29 March 2017	Legal Merger EGM, at which the Legal Merger Resolution will be voted upon
17:40 hours, 7 April 2017	Closing Date: Deadline for Shareholders wishing to tender Shares, unless the Offer is extended in accordance with Article 15 of the Decree or after receiving dispensation from the AFM for a further extension in accordance with Article 5:81, paragraph 3 of the Wft
No later than three (3) Business Days after the Closing Date	Unconditional Date: The date on which the Offeror will publicly announce whether the Offer is declared unconditional (*gestand wordt gedaan*) in accordance with Article 16 of the Decree
No later than three (3) Dutch Business Days after the Unconditional Date	Post Closing Acceptance Period: If the Offer is declared unconditional, the Offeror will announce a Post Closing Acceptance Period for a period of two (2) weeks, in accordance with Article 17 of the Decree
No later than three (3) Business Days after the Unconditional Date	Settlement Date: The date on which, in accordance with the terms and conditions of the Offer, the Offeror will pay the Offer Price for each Tendered Share

6. EXPLANATION AND BACKGROUND OF THE OFFER

6.1 Introduction

On 5 October 2016, NN Group announced its intention to make a public offer for all the Shares pursuant to Article 5, paragraph 2 of the Decree at an offer price of EUR 5.30 (five euro and thirty euro cent) per Share (cum dividend) (the ***Initial Announcement***).

On 7 October 2016, Delta Lloyd announced the rejection of NN Group's intended offer, stating, *inter alia*, that it considered the offer price to substantially undervalue Delta Lloyd.

On 2 November 2016, NN Group reconfirmed its intention to make a public offer and announced that a draft Offer Memorandum would be submitted to the AFM for approval by no later than 28 December 2016.

On 2 November 2016, Delta Lloyd announced it had noticed NN Group's reconfirmation of its intention.

As from mid November 2016 until the beginning of December 2016, Delta Lloyd provided NN Group access to targeted due diligence.

As from 14 December 2016, NN Group and Delta Lloyd started to have discussions on the draft Merger Protocol.

On 23 December 2016, NN Group and Delta Lloyd jointly announced that they had reached (conditional) agreement on the main terms and conditions of the Offer, pursuant to Article 4, paragraph 3 and Article 6, paragraph 1 of the Decree, as set out in this Offer Memorandum, at a cash consideration of EUR 5.40 (five euro and forty euro cent) per Share (cum dividend) (the ***Joint Announcement***).

See also Section 11 (*Press releases*). Reference is also made to the Position Statement as published by Delta Lloyd.

6.2 The Offer

The Offeror is making an offer to purchase from the Shareholders all the Shares on the terms and subject to the conditions and restrictions contained in this Offer Memorandum.

Subject to the Offer being declared unconditional (*gestanddoening*), Shareholders tendering their Shares under the Offer will receive the Offer Price in respect of each Tendered Share.

6.3 Substantiation of the Offer

6.3.1 General

In establishing the Offer Price, the Offeror carefully considered the history and prospects of Delta Lloyd, analyses of historical financial information derived from Delta Lloyd's financial statements, market reports and press releases as well as possible long-term developments in profitability, cash flows and balance sheet. In this context, the Offeror also took into account Delta Lloyd's risk profile compared to publicly listed comparable companies based on its solvency and leverage position as well as its risk sensitivities. The Offeror also took into account historical market values of the Shares, as set forth below.

6.3.2 Analysis

The Offer Price has been based on the following financial analyses:

- an analysis of the closing price of the Shares since 11 April 2016 (completion of Delta Lloyd's rights issue) up to and including the Reference Date. During this approximately six (6) months period, the closing price of the Shares ranged from EUR 2.65 to EUR 4.79 and the average closing price of the Shares over this period was EUR 3.81. The average closing prices of the Shares for the one (1) and three (3) month period prior to and including the Reference Date were EUR 3.90 and EUR 3.47 respectively;

- a trading multiple analysis based on Delta Lloyd's underlying net capital generation and expected dividends for the year 2016 compared with those of selected publicly-traded companies and their securities. Companies selected for comparison with Delta Lloyd are NN Group, a.s.r., Aegon, Ageas, Allianz, Aviva, AXA, CNP and Generali. For this analysis, net capital generation (also known as free cash flow) for these comparable companies was based on free cash flow generated in 2015, as reported by these companies in their annual reporting. For Delta Lloyd, underlying net capital generation was derived by annualising the reported underlying net capital generation for the nine months ending on 30 September 2016 (EUR 149 million, or EUR 199 million annualised). For NN Group and a.s.r. the free cash flow yield was 8.3% and 9.7% respectively on the Reference Date. For the remaining comparable companies, the median free cash flow yield was 9.8% on the Reference Date. Dividend estimates for this analysis were based on I/B/E/S median estimates for the year ending 31 December 2016 as of the Reference Date. For NN Group and a.s.r. the estimated dividend yield for the year ending 31 December 2016 was 5.6% and 6.4% respectively on the Reference Date. For the remaining comparable companies, the median dividend yield for the year ending 31 December 2016 was 6.1% on the Reference Date. By comparison, the ratio of Delta Lloyd's underlying net capital generation to Delta Lloyd's purchase price, as implied by the Offer Price, was approximately 8.1%. By comparison, the ratio of Delta Lloyd's estimated dividend for the year ending 31 December 2016 to Delta Lloyd's purchase price, as implied by the Offer Price, was approximately 5.3%;

- an analysis of analyst price targets for the Shares issued after 11 April 2016 (completion of Delta Lloyd's rights issue) and up to and including the Reference Date. The target prices issued by 19 research analysts ranged from EUR 3.00 to EUR 5.50 (with a median of EUR 4.00). The research analysts are ABN AMRO, Autonomous, Bank of America Merrill Lynch, Barclays, Citi, Exane BNP Paribas, Goldman Sachs, HSBC, ING Bank, J.P. Morgan, KBC Securities, KBW, Kempen & Co, Kepler Cheuvreux, Mediobanca, Morgan Stanley, NIBC, RBC Capital Markets and UBS;

- a standalone dividend discount model analysis for Delta Lloyd based on projected net capital generation of the operating companies and projected remittance to the holding; and

- an analysis of selected precedent and transaction premiums and multiples as described in Section 6.3.3 (*Bid Premia*).

In its assessment of the value and risk profile of Delta Lloyd, the Offeror has taken into account:

- Delta Lloyd's Solvency II ratio, which was 156% as of 30 September 2016 (or 165% including the benefit of closing an unwanted duration gap at Delta Lloyd Leven during October 2016 and the announced merger of Delta Lloyd's Belgian and Dutch Life activities). This compares to 236% reported by NN Group and 188% reported by a.s.r. as of the same date, while the median Solvency II ratio of the remaining comparable companies was 174% as of 30 September 2016;

- sensitivity of Delta Lloyd's Solvency II ratio, including negative (11%) impact on Solvency II ratio in case of 50bps credit spread widening and negative (13%) impact on Solvency II ratio in case of 50bps reduction in UFR as proposed by EIOPA in April 2016, as disclosed in Delta Lloyd's quarterly reporting as of 30 June 2016;

- Delta Lloyd's financial leverage, which amounted to EUR 1.9 billion as of 30 June 2016, compared to EUR 3.8 billion of shareholders' equity as of the same date and market capitalisation of EUR 1.9 billion on the Reference Date; and

- expected meaningful negative impacts from the alignment of actuarial assumptions under NN Group ownership.

In addition, certain financial information as derived from annual and interim accounts, analysts' presentations and reports, market reports and press releases have been reviewed.

6.3.3 Bid Premia

The Offer represents:

- a premium of 31% to the closing price per Share on Euronext Amsterdam on the Reference Date[1];

- a premium of 38% to the average closing price per Shares on Euronext Amsterdam for the one (1) month period prior to and including the Reference Date;

- a premium of 55% to the average closing price per Share on Euronext Amsterdam for the three (3) months period prior and including the Reference Date;

- a premium of 42% to the average closing price per Share on Euronext Amsterdam for the period between the completion of the Delta Lloyd rights issue (on 11 April 2016) and the Reference Date;

- a premium of 31% to the average closing price per Share (adjusted for the rights issue) on Euronext Amsterdam for the twelve (12) months period prior and including the Reference Date; and

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1 The closing price of the Shares on the Reference Date was EUR 4.12, as per Bloomberg.

- a premium of 35% to the median of selected analyst price targets for the Shares issued prior to the Reference Date by 19 research analysts who follow Delta Lloyd's developments and regularly issue research reports (median of EUR 4.00).

By comparison, the median premium to the unaffected share price (closing share price one day prior to the earlier of transaction announcement or material, public speculation of a transaction, if any) is 40% for public offers on 100% of the share capital of Dutch companies with firm values in excess of EUR 2 billion that were announced and completed in a period of five (5) years prior to the Reference Date. Selected transactions are: D.E Master Blenders 1753 – J. A. Benckiser; Ziggo – Liberty Global; Nutreco – SHV; and TNT Express – FedEx.

6.4 Rationale for the Offer

The Offer is backed by a strong strategic rationale and long-term value creation opportunities.

6.4.1 Key elements of strategic rationale

The Offeror and Delta Lloyd believe that a combination of Delta Lloyd and the Dutch and Belgian activities of NN Group is compelling. The transaction will result in an overall stronger platform within the Benelux from which to provide enhanced customer propositions and generate shareholder return:

- Additional scale and capabilities will result in an improved customer proposition within the Dutch pension market;

- Doubling the size of the non-life insurance business will drive underwriting results and customer experience;

- The integration of two leading asset management businesses creates additional scale and expertise;

- Increased size and scale of the banking business, thereby improving the competitive offering to existing and new customers;

- Doubling the presence in Belgium, leading to a strong life insurance market share with a more diversified offering through additional channels.

The Combined Group will be better placed to capture opportunities that technological innovation brings and will provide increased possibilities for knowledge sharing, strengthening capabilities and talent development. It will bring a perspective of growth and lead to opportunities for employees of both companies and will facilitate continuous improvement in customer service and experience.

6.4.2 Expected synergies

The Offeror currently estimates cost synergies which will reduce the annual cost base by approximately EUR 150 million pre-tax, expected to be achieved by 2020.

This is anticipated to occur in a range of areas including:

- Integration of operational and supporting activities in Life and Non-Life, including commercial migration

- Full integration of Bank & Asset Management

- Removal of overlap in centralised functions

- Reduction in project spend

The Offeror and Delta Lloyd intend to integrate and align their operations in the Netherlands and Belgium. Such integration will allow the Offeror to operate a single platform, marketing and product development in a number of segments, including Life open book, Non-life and Asset Management, resulting in substantial cost synergies. Further cost synergies are expected as a result of full integration of banking operations and conversion of asset management funds. In addition, while Delta Lloyd's location in Amsterdam shall be maintained for insurance activities for a period of at least three years following settlement, the head offices shall be combined at NN Group's head office in The Hague, further facilitating efficiency improvements. The Offeror also expects to be able to reduce costs associated with strategic projects incurred by both companies.

The Offeror estimates that approximately half of the cost synergies will be realised in Life and Non-life segments, while efficiency improvements in Bank & Asset Management businesses will account for approximately 30% of expected cost synergies. The remainder of cost synergies is expected to be achieved in centralised functions and other segments.

The expected amount of cost synergies was derived on the basis of bottom-up analysis for each operating segment conducted by the Offeror based on expense breakdown by type of expenses provided by Delta Lloyd.

In addition to cost synergies, the Offeror expects further upside from sharing of best practices, introduction of proven concepts and procedures, and from cross-selling opportunities (such as Delta Lloyd's health offering in partnership with CZ).

Based on its due diligence, NN Group believes that there will be some initial capital synergies from the combination (stemming mainly from diversification benefits) but also expects meaningful negative impacts from the alignment of actuarial assumptions under NN Group ownership. Over time, NN Group sees potential for further capital synergies, the transition of Delta Lloyd's legal entities onto the NN Group Partial Internal Model, but also the removal of the longevity hedge benefit currently included in Delta Lloyd's standard formula approach. NN Group will provide additional information on potential cost and capital synergies in due course.

The Offeror expects to incur restructuring costs in order to achieve the anticipated synergies resulting from combining the companies. The restructuring costs will consist of redundancy costs, investments and advisory costs. The synergy estimates by the Offeror as described above are preliminary in nature and subject to a number of open items. The synergy estimates are also subject to the business and financial performance of both the Offeror and Delta Lloyd over an extended period of time.

6.5 Financing of the Offer

With reference to Article 7, paragraph 4 of the Decree, NN Group announced on 23 December 2016 that it had sufficient funds available to complete the Offer.

The Offer values 100% of the Shares at EUR 2.5 billion. NN Group will be able to pay the Offer consideration for an amount of EUR 1.4 billion with cash from its own available resources. In addition, NN Group has secured fully committed debt financing for the remainder, subject to customary conditions, with reputable global financial institutions. The financial leverage ratio and fixed cost coverage ratios of the Combined Group are estimated in a range of 30% and 9x on a pro-forma basis at 30 September 2016.

Reference is made to Section 11 (*Press releases*).

6.6 Decision-making and Recommendation by the Delta Lloyd Boards

Since the initial expression of interest from NN Group and throughout the process, the Delta Lloyd Executive Board and the Delta Lloyd Supervisory Board (with and without the Delta Lloyd Executive Board being present) have met on a very frequent basis to discuss the preparations, developments and progress in relation to the Offer, as well as the considerations underlying key decisions in connection with the Offer. The Delta Lloyd Executive Board and the Delta Lloyd Supervisory Board received extensive financial and legal advice and there was regular contact with DNB. The Delta Lloyd Boards gave careful consideration to all aspects – including strategic, financial, current trading, operational and social points of view – and consequences of the Offer.

The members of the Delta Lloyd Boards considered whether any of them has a conflict of interest and they have established that such was not the case.

In order to cater for a proper decision-making process, the Delta Lloyd Boards discussed and decided on an effective, legitimate allocation of responsibilities in line with Delta Lloyd's defence manual. The Delta Lloyd Boards appointed a transaction committee, to make recommendations to each of the Delta Lloyd Boards in relation to Delta Lloyd's strategic alternatives, NN Group's proposal and potential alternative transactions. The decision to enter into the Merger Protocol was made by the Delta Lloyd Executive Board after the prior approval of the Delta Lloyd Supervisory Board and after ample deliberation by the Delta Lloyd Boards including consultation with its key advisors.

Each of the Delta Lloyd Boards has received extensive financial and legal advice. In addition, (i) Goldman Sachs delivered a fairness opinion to the Delta Lloyd Boards dated 23 December 2016 that - as of such date and based upon and subject to the factors and assumptions set forth in the fairness opinion - the EUR 5.40 (five euro and forty euro cent) per Share in cash to be paid pursuant to the Offer or the Exchange Ratio of NN Group Shares (both as defined in Section 6.11.5(c) (*Description of the Legal Merger*)) to be issued in connection with the Legal Merger, as applicable, to the Shareholders, collectively, was fair from a financial point of view to such Shareholders and (ii) Bank of America Merrill Lynch delivered a fairness opinion to the Delta Lloyd Supervisory Board dated 22 December 2016 that - as of such date and based upon and subject to the factors and assumptions set forth in the fairness opinion - the EUR 5.40 (five euro and forty euro cent) per Share in cash to be paid pursuant to the Offer or the

Exchange Ratio of NN Group Shares to be issued in connection with the Legal Merger, as applicable, to the Shareholders, collectively, was fair from a financial point of view to such Shareholders (together the ***Fairness Opinions***).

With reference to the above, and subject to the terms and conditions of this Offer Memorandum, the Delta Lloyd Boards (i) support the Offer and the Legal Merger, (ii) recommend to the Shareholders to accept the Offer and to tender their Shares pursuant to the Offer and (iii) recommend voting in favour of all Offer EGM Resolutions and the Legal Merger Resolution (the ***Recommendation***).

Delta Lloyd has prepared a Position Statement pursuant to article 18 of the Decree, which sets forth the Recommendation. The full text of each Fairness Opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each Fairness Opinion, is set forth in the Position Statement.

The Delta Lloyd Boards may not withdraw, modify, amend or qualify the Recommendation, save for a withdrawal in accordance with Section 6.21.3(d) (*Commitment of Delta Lloyd regarding Competing Offers*).

6.7 Offer Conditions, waiver and satisfaction

6.7.1 Offer Conditions

Notwithstanding any other provisions of the Offer, the obligation of the Offeror to declare the Offer unconditional (*gestanddoening*) will be subject to the following conditions precedent being satisfied on or before the Closing Date, or waived as set out in this Section 6.7 (*Offer Conditions, waiver and satisfaction*):

(a) the number of Shares having been tendered for acceptance on the Closing Date, whether or not extended, together with (i) any Shares directly or indirectly held by the Offeror or any of its Affiliates at the Closing Date (but excluding, for the avoidance of doubt, any Shares held by NN Investment Partners), (ii) any Shares committed to the Offeror or any of its Affiliates in writing, and (iii) any Shares to which the Offeror or any of its Affiliates is entitled (*gekocht maar nog niet geleverd*) (the ***Committed Shares***), representing at least the Acceptance Threshold,

whereby the ***Acceptance Threshold*** means either (i) 95% of Delta Lloyd’s issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) on a fully diluted basis as at the Closing Date or (ii) 67% of Delta Lloyd’s issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) on a fully diluted basis as at the Closing Date if the general meeting of shareholders of Delta Lloyd has adopted the Legal Merger Resolution and the Legal Merger Resolution is in full force and effect as at the Closing Date;

(b) Competition Clearance having been obtained;

(c) the declaration of no objection from DNB, the National Bank of Belgium and the European Central Bank required in connection with the Offer and the intended change of control having been obtained;

(d) Delta Lloyd not having breached the terms of the Merger Protocol to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences on Delta Lloyd, NN Group or the Transaction and (ii) is incapable of being remedied within ten (10) Business Days after receipt by Delta Lloyd of a written notice from the Offeror, or has not been remedied by Delta Lloyd within ten (10) Business Days after receipt by Delta Lloyd of a written notice from the Offeror;

(e) the Offeror not having breached the terms of the Merger Protocol to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences for Delta Lloyd, NN Group or the Transaction and (ii) is incapable of being remedied within ten (10) Business Days after receipt by the Offeror of a written notice from Delta Lloyd or has not been remedied by the Offeror within ten (10) Business Days after receipt by the Offeror of a written notice from Delta Lloyd;

(f) neither of the Delta Lloyd Boards having revoked or materially modified, amended or qualified the Recommendation, other than is permitted pursuant to Section 6.21.3(d) (*Commitment of Delta Lloyd regarding Competing Offers*);

(g) no Material Adverse Effect having occurred which is expected to continue on the Closing Date;

(h) no Competing Offer having been announced or made which is recommended by the Delta Lloyd Boards;

(i) the Foundation (i) not having exercised, either in whole or in part, its Call Option to have Protective Preference Shares issued to it or having exercised, either in whole or in part, its Call Option to have Protective Preference Shares issued to it but such exercise is in connection with an Alternative Proposal, Potential Competing Offer, Competing Offer or mandatory offer pursuant to article 5:70 of the Wft for all Shares by a third party unrelated to the Offeror and not detrimental to the Offeror and (ii) having agreed to request Delta Lloyd to redeem or cancel any outstanding Protective Preference Share, if applicable, and terminate the Foundation Option Agreement upon the Offer being declared unconditional (*gestanddoening*);

(j) no notification having been received from the AFM stating that pursuant to article 5:80 paragraph 2 of the Wft investment firms will not be allowed to cooperate with the Offer; and

(k) no order, stay, judgment or decree having been issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority that remains in force and effect, and no statute, rule, regulation, governmental order or injunction having been enacted, which in any such case prohibits the making and/or consummation of the Offer and/or the Transaction in any material respect.

6.7.2 Waiver

(a) The Offer Conditions set out in Sections 6.7.1(a), 6.7.1(b), 6.7.1(c), 6.7.1(d), 6.7.1(f), 6.7.1(g), 6.7.1(h) and 6.7.1(i) are for the sole benefit of the Offeror and may, to the extent permitted by law, be waived by the Offeror (either in whole or in part) at any time by written notice to Delta Lloyd.

(b) However, the Offer Condition set out in Section 6.7.1(a) may only be waived by the Offeror with the consent of Delta Lloyd if, at the Closing Date, the Committed Shares represent less than 67% of Delta Lloyd's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) on a fully diluted basis.

(c) The Offer Condition set out in Section 6.7.1(e) is for the sole benefit of Delta Lloyd and may, to the extent permitted by law, be waived by Delta Lloyd (either in whole or in part) at any time by written notice to the Offeror.

(d) The Offer Conditions set forth in Sections 6.7.1(j) and 6.7.1(k) cannot be waived.

6.7.3 No subjective conditions

The satisfaction of each of the Offer Conditions does not solely depend on the will of the Offeror as prohibited by Article 12, paragraph 2 of the Decree.

6.7.4 Satisfaction

(a) General

Each of the Offeror and Delta Lloyd shall use its reasonable best efforts to procure satisfaction of the Offer Conditions as soon as reasonably practicable. If at any time the Offeror or Delta Lloyd becomes aware of a fact or circumstance that might prevent an Offer Condition from being satisfied, it shall immediately inform the other in writing.

(b) Competition Clearance Condition

The Offeror expects to submit a final merger notification with the European Commission on 10 February 2017. With respect to Offer Condition 6.7.1(b) (*Competition Clearance*), the Offeror shall use its reasonable best efforts to have this Offer Condition satisfied as soon as reasonably practicable. If an Antitrust Authority is not willing to grant unconditional clearance or an unconditional statement of no objection in respect of the Offer, then the Offeror will offer the commitments required to obtain such Competition Clearance, provided such commitments are reasonably satisfactory to the Offeror.

(c) Regulatory Approval Condition

On 20 January 2017 and on 27 January 2017, the Offeror submitted a request for a declaration of no-objection with DNB and the National Bank of Belgium, respectively. With respect to Offer Condition 6.7.1(c) (*Regulatory Approvals*), the Offeror shall use its reasonable best efforts to have this Offer Condition satisfied as soon as reasonably practicable. An approval shall be deemed to have been received in case the relevant Regulatory Authorities issues an approval with conditions, reasonably acceptable to the Offeror, acting reasonable.

(d) Material Adverse Effect Condition

With respect to Offer Condition 6.7.1(g) (*No Material Adverse Effect*), the Offeror and Delta Lloyd have agreed on a binding advice procedure in the event the Offeror considers this Offer Condition not satisfied and Delta Lloyd disagrees. In such event, a binding advisor shall decide on the matter within ten (10) Business Days after the dispute having been referred to the binding advisor or such shorter period as the Offeror and Delta Lloyd may agree, it being understood that a decision shall be rendered no later than noon CET on the Business Day before the Unconditional Date. The binding advisor shall be the President of the Enterprise Chamber (*Ondernemingskamer*) of the Court of Appeals of Amsterdam or, if this person is not able (for whatever reason) to provide the binding advice on time, another independent lawyer appointed by the President of the District Court of Amsterdam upon request of either the Offeror or Delta Lloyd. The binding advice shall be final and binding upon the Offeror and Delta Lloyd and each of the Offeror and Delta Lloyd shall fully comply with the binding advice and the content thereof.

6.8 Shareholdings of the members of the Delta Lloyd Boards

6.8.1 Information on Shares

As at the date of this Offer Memorandum, no Shares are held by members of the Delta Lloyd Supervisory Board.

As at the date of this Offer Memorandum, Shares are held by the members of the Delta Lloyd Executive Board as shown in the following table.

Delta Lloyd Executive Board	Number of Shares	Total value in EUR
Hans van der Noordaa	60,429	326,316
Clifford Abrahams	53,178	287,161
Annemarie Mijer	36,241	177,826
Leon van Riet	50,436	260,732

The statutory claw-back regulations (*de afroomregeling*) will be applied to the Shares granted to a member of the Delta Lloyd Executive Board as remuneration. Whether or not these Shares are vested or in lock up does not make a difference in this respect.

For the year 2017 Ms Mijer and Mr Van Riet will each be entitled to receive 13,824 unconditional Shares. The transfer of these Shares is expected to take place in April 2017.

6.8.2 Information on options for Shares

None of the members of the Delta Lloyd Supervisory Board own any Conditional Performance Shares (as defined in Section 7.13 (*Incentive Plans*) or (other) options for Shares.

As at the date of this Offer Memorandum, Conditional Performance Shares are held by members of the Delta Lloyd Executive Board, as shown in the following table:

Delta Lloyd Executive Board	Number of Conditional Performance Shares				
	2013	2014	2015	2016	2017
Hans van der Noordaa	-	-	-	54,728	39,916
Clifford Abrahams	-	-	-	108,987	95,627*
Annemarie Mijer	-	-	-	37,924	27,660
Leon van Riet	2,377	2,097	-	34,732	27,660

* At the start of employment Mr Abrahams has been granted a sign-on bonus of up to EUR 828,000, of which 50% will be paid in cash and 50% in Shares. Half of both the equity and cash part vests directly upon completion of the performance period (year 2016) and upon meeting the applicable performance criteria. The remaining part (both cash and equity) will vest in accordance with the group variable remuneration scheme. The equity part of this bonus (EUR 414,000) represents a total of 119,249 Shares, of which 59,625 Shares (50%) will be paid in February 2017. Half of the cash part (EUR 208,000) will also be paid in February 2017.

The Conditional Performance Shares granted to Mr Van Riet for the financial year 2013 and 2014 will be cash settled on the Settlement Date subject to the Offer being declared unconditional (see Section 7.13 (*Incentive Plans*)). Mr Van Riet will receive an amount of EUR 17,091 for their respective 2013 and 2014 Conditional Performance Shares. For the financial year 2015 no Conditional Performance Shares were awarded to the current members of the Delta Lloyd Executive Board. The performance realization for the financial year 2016 is expected to take place in the course of February 2017. The achievement of the set performance targets will then be determined and the 2016 Conditional Performance Shares will then be finally awarded. The 2016 and 2017 Conditional Performance Shares will also be cash settled at the Settlement Date, subject to the Offer being declared unconditional. To the Conditional Performance Shares awarded on 1 January 2017 a proration will be applied equal to the month of the year in which Settlement takes place divided by twelve.

The above described cash settlement of variable remuneration is subject to the competent Dutch supervisory authority approving such method of settlement. If such approval is not received, an alternative settlement method will be applied mirroring as much as possible the above described method of settlement.

For a description of the share and option plans in place reference is made to Section 7.13 (*Incentive Plans*).

6.9 Respective cross-shareholdings Offeror - Delta Lloyd

As at the date of this Offer Memorandum, the Offeror holds, directly or indirectly, 11,655,101 Shares representing approximately 2.6% of the aggregate number of issued shares in Delta Lloyd (excluding, for the avoidance of doubt, any Shares held by NN Investment Partners, from time to time).

NN Investment Partners holds 700,000 Shares representing 0.149% of the aggregate number of issued shares in Delta Lloyd. These Shares are excluded from the number of Shares held by the Offeror, as they cannot be ascribed to the Offeror or its Affiliates. NN Investment Partners is an asset manager that holds Shares on behalf of and for the account of non-affiliated third-party beneficiaries, i.e. not on its own behalf and/or for its own account (or on behalf of and/or for the account of the Offeror or Affiliates of the Offeror).

Delta Lloyd does not hold any shares in NN Group. Delta Lloyd managed investment funds hold 23,891 ordinary shares in NN Group, representing approximately 0.005% of the aggregate number of issued and outstanding shares in the capital of NN Group. These shares cannot be ascribed to Delta Lloyd or its Affiliates. The investment funds hold the shares in NN Group on behalf of and for the account of non-affiliated third party beneficiaries, i.e. not on its own behalf and/or for its own account (nor on behalf of and/or for the account of Delta Lloyd or its Affiliates).

6.10 Irrevocable Undertakings

6.10.1 Irrevocables members of Delta Lloyd Executive Boards

With reference to Section 6.8.1 (*Information on Shares*), each member of the Delta Lloyd Executive Board holding Shares has irrevocably undertaken to tender all his or her Shares under the Offer, under the same terms and conditions as the other Shareholders, subject to (i) the Offer being declared unconditional, (ii) the Offer being made against at least the Offer Price and (iii) the Merger Protocol not having been terminated in accordance with its terms. Each member of the Delta Lloyd Executive Board will vote in favour of the Offer EGM Resolutions and the Legal Merger Resolution, subject to the same conditions. The irrevocable undertaking can only be withdrawn in the event that the Delta Lloyd Executive Board and the Delta Lloyd Supervisory Board revoke or amend their recommendation pursuant to Section 6.21.3(d) (*Commitment of Delta Lloyd regarding Competing Offers*) or if the Merger Protocol is terminated in accordance with its terms (see Section 6.21.5 (*Termination events*).

The members of the Delta Lloyd Executive Board did not receive any information relevant for a shareholder in connection with the Offer that is not included in this Offer Memorandum and will tender their Shares under the Offer under the same terms and conditions as the other Shareholders.

6.11 Consequences of the Offer

Shareholders who do not tender their Shares under the Offer should carefully review this Section 6.11 (*Consequences of the Offer*), which describes certain risks they will be subject to if they elect not to accept the Offer. These risks are in addition to the risks associated with holding securities issued by Delta Lloyd generally, such as the exposure to risks related to the business of Delta Lloyd and its subsidiaries, the markets in which the Delta Lloyd Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time. This Section 6.11 (*Consequences of the Offer*) provides a summary of the key additional risks.

It is the intention of the Offeror to ultimately acquire 100% of the Shares and/or full ownership of Delta Lloyd and the Offeror’s willingness to pay the Offer Price is predicated on the acquisition of 100% of the Shares. NN Group and Delta Lloyd anticipate that full integration of NN Group and Delta Lloyd will deliver substantial operational, commercial, organizational, financial and tax benefits which could not, or only partially, be achieved if Delta Lloyd were to continue as a standalone entity with a minority shareholder base. To achieve such benefits, following Settlement, the Offeror may propose (where applicable) and implement (or cause to be implemented) certain restructuring measures as set out in more detail in this Section 6.11 (*Consequences of the Offer*).

Furthermore, the Offeror reserves the right to use any legally permitted method to acquire all of the Shares (or full ownership of the Delta Lloyd business) and/or to optimize the corporate, financing and tax structure of Delta Lloyd once it is part of the Combined Group.

6.11.1 Intentions following the Offer being declared unconditional

If the Offer is declared unconditional, the Offeror and Delta Lloyd intend to as soon as possible:

(a) procure that Delta Lloyd's listing on Euronext Amsterdam and Euronext Brussels and the listing agreements between Delta Lloyd and Euronext Amsterdam and Euronext Brussels in relation to the listings of the Shares will be terminated;

(b) convert Delta Lloyd into a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) if deemed desirable by NN Group, which will, *inter alia*, cause all Shares to become subject to transfer restrictions, all in accordance with the laws of The Netherlands and the Delta Lloyd Articles of Association;

(c) abolish the large company regime (*volledig structuurregime*) applicable to Delta Lloyd; and

(d) have the Offeror, or any of its Affiliates, acquire all Shares not yet owned by it, whether pursuant to a squeeze-out procedure as set out in Section 6.11.4 (*Squeeze-Out*), implement the Legal Merger or any other Post Closing Measure resulting in Delta Lloyd becoming a wholly-owned direct subsidiary of NN Group or NN Group otherwise becoming 100% owner of the Delta Lloyd business, and cause Delta Lloyd to operate as a wholly-owned direct subsidiary within the Combined Group. See Section 6.11.5 (*Pre-wired post-closing restructuring*) and Section 6.11.6 (*Other Post Closing Measures*).

6.11.2 Liquidity

The purchase of Shares by the Offeror pursuant to the Offer, among other things, will reduce the number of Shareholders and the number of Shares that might otherwise trade publicly.

Furthermore and subject to the terms and conditions of the Offer Memorandum, the Offeror may initiate any of the procedures set out in this Section 6.11 (*Consequences of the Offer*) following completion of the Offer, which will further adversely affect the liquidity and market value of the Shares.

As a result, the size of the free float in Shares will be substantially reduced following completion of the Offer and trading volumes and liquidity of Shares will be adversely affected. The Offeror does not intend to set up a liquidity mechanism for the Shares that are not tendered following the Settlement Date.

6.11.3 Delisting

Delisting of the Shares from Euronext Amsterdam and Euronext Brussels may be achieved on the basis of 95% or more of Shares having been acquired by the Offeror or on the basis of a statutory merger.

As set out in Section 6.16.2 (*Composition of the Delta Lloyd Supervisory Board*), the Delta Lloyd Supervisory Board shall be abolished as soon as possible following the termination of the listings of Delta Lloyd from Euronext Amsterdam and Euronext Brussels and the appointment of the Continuing Members to the NN Group Supervisory Board.

As long as the Shares remain listed on Euronext Amsterdam, the Offeror shall procure that Delta Lloyd shall continue to comply with the Dutch Corporate Governance Code to the extent that Delta Lloyd currently complies with the Dutch Corporate Governance Code, unless (i) agreed otherwise in the Merger Protocol or (ii) agreed otherwise in writing between Delta Lloyd and the Offeror.

6.11.4 Squeeze-Out

In the event that the Offeror has acquired (i) 95% or more of Delta Lloyd's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) and at least 95% of the voting rights in respect of Delta Lloyd's issued and outstanding ordinary share capital or (ii) at least 95% of Delta Lloyd's aggregate issued and outstanding share capital (*geplaatst en uitstaand kapitaal*), the Offeror, as soon as possible, will initiate a squeeze-out procedure (*uitkoopprocedure*) in accordance with Article 2:92a or 2:201a of the Dutch Civil Code (***Statutory Squeeze-Out***) or a takeover buy-out procedure in accordance with Article 2:359c of the Dutch Civil Code (***Takeover Squeeze-Out*** and together with the Statutory Squeeze-Out, ***Squeeze Out***) in order to acquire the remaining Shares not tendered and not held by the Offeror or Delta Lloyd. Delta Lloyd shall provide the Offeror with any assistance as may be required, including, if needed, joining such proceedings as co-claimant.

In such procedure, any remaining minority shareholders of Delta Lloyd will be offered the Offer Price for their Shares unless there would be financial, business or other developments or circumstances that would justify a different price (including a reduction resulting from the payment of dividends) in accordance with, respectively, Article 2:92a, paragraph 5 or 2:201a, paragraph 5 or Article 2:359c, paragraph 6 of the Dutch Civil Code.

No Dutch dividend withholding tax (*dividendbelasting)* is due upon a disposal of the Shares under the Squeeze-Out. The Dutch income tax and U.S. federal income tax consequences of the Squeeze-Out are the same as the Dutch income tax and U.S. federal income tax consequences, respectively, of the Offer. For more information reference is made to Section 10 (*Tax aspects of the Offer*).

6.11.5 Pre-wired post-closing restructuring

(a) Introduction

If the Offeror has declared the Offer unconditional (*gestand gedaan*) and (i) the number of Shares having been tendered for acceptance during the Offer Period and the Post Closing Acceptance Period together with (x) any Shares directly or indirectly held by the Offeror or any of its Affiliates (but excluding, for the avoidance of doubt, any Shares held by NN

Investment Partners), (y) any Shares committed to the Offeror or any of its Affiliates, in writing, and (z) any Shares to which the Offeror or any of its Affiliates is entitled (*gekocht maar nog niet geleverd*), represent less than 95% but at least 67% of Delta Lloyd's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) and (ii) the Legal Merger Resolution has been adopted, the Offeror may choose to implement the Legal Merger, as defined below, in order to ensure full integration of the businesses of Delta Lloyd and NN Group.

If the Offeror has declared the Offer unconditional (*gestand gedaan*) and (i) the number of Shares having been tendered for acceptance during the Offer Period and the Post Closing Acceptance Period together with (x) any Shares directly or indirectly held by the Offeror or any of its Affiliates (but excluding, for the avoidance of doubt, any Shares held by NN Investment Partners), (y) any Shares committed to the Offeror or any of its Affiliates, in writing, and (z) any Shares to which the Offeror or any of its Affiliates is entitled (*gekocht maar nog niet geleverd*), represent less than 67% of Delta Lloyd's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) and (ii) the Legal Merger Resolution has been adopted, then the Delta Lloyd Boards shall have the right to re-evaluate the Legal Merger in light of the then prevailing circumstances and the Delta Lloyd Boards and the individual members of the Delta Lloyd Boards shall no longer be under the obligation to cooperate with the Legal Merger.

(b) Rationale of Legal Merger

The reason for conditioning the Offeror's option to implement Legal Merger on 67% of Delta Lloyd's issued and outstanding ordinary share capital (*geplaatst en uitstaand kapitaal*) having been acquired by the Offeror and its Affiliates and not 95% or any other higher percentage is to limit the risk that the Offer is not consummated (to the detriment of Delta Lloyd, the vast majority of the Shareholders, and the other stakeholders of Delta Lloyd, as none of the benefits of the Offer would arise, and to the detriment of NN Group for the same reasons and because it would have incurred significant transaction costs), weighed against the interests of a relatively small minority.

The Offeror believes that there are financial and structuring efficiencies that will not be available as long as there are minority shareholders. For example, NN Group would not have the ability to optimise the financing structure of Delta Lloyd in line with NN Group's policies.

The continued presence of a minority shareholder base could mean that Delta Lloyd cannot delist from Euronext Amsterdam and Euronext Brussels. This means incurring costs that Delta Lloyd otherwise would not have to make, such as preparation of standalone annual accounts under IFRS and semi-annual financial statements and a corporate governance framework compliant with the Dutch Corporate Governance Code.

The business rationale for the Legal Merger lies largely with the considerable synergy potential of the Combined Group. Reference is made to Section 6.4 (*Rationale for the Offer*). Realising the synergies is highly dependent on a clear strategy going forward with a swift execution. The existence of a minority shareholder base would require incremental interactions with such shareholders necessary for properly considering their interests, which will likely affect both the clarity of, and ability to, execute such synergies. The Offeror is therefore not convinced that it will achieve the contemplated synergies under such circumstances, at least not to the same extent and within the contemplated timeframe.

If the vast majority of Shareholders wishes to benefit from the exit opportunity, the Delta Lloyd Boards consider it their fiduciary duty, taking into account the interests of Delta Lloyd and all of its stakeholders, to investigate and propose to the Shareholders a transaction structure on the basis of which such exit opportunity would indeed be available while at the same time reducing, to the extent possible, the adverse consequences of such alternative structure (if any). As a pre-wired agreed minority exit transaction structure was a fundamental requirement of NN Group in order to obtain certainty of acquiring the full ownership of Delta Lloyd and thus be in a position to pay the Offer Price, the Delta Lloyd Boards believe that agreeing to such transaction structure, subject to the agreed conditions (including shareholder approval), takes best into account the interests of (the business of) Delta Lloyd and all of its stakeholders.

(c) Description of the Legal Merger

The legal merger of the Offeror and Delta Lloyd comprises of a triangular legal merger (*juridische driehoeksfusie*) in accordance with article 2:309 et seq of the Dutch Civil Code between Delta Lloyd as the disappearing entity and the Offeror as the surviving entity pursuant to which the holders of Shares will receive listed ordinary shares in NN Group (the ***NN Group Shares***) and the holders of Preference Shares A, only in case those shares are still held by Fonds NutsOhra immediately prior to the merger becoming effective (see paragraph 6.20 below) will receive registered, non-listed, preference shares A in NN Group, this triangular merger being the ***Legal Merger***). In exchange for each Delta Lloyd ordinary share, the owner of such share will receive a fraction of one listed ordinary share of NN Group equal to the Offer Price per Share divided by the NN Group stock price on the last day prior to the date on which the notarial deed to establish the Legal Merger is executed (the ***Exchange Ratio***). If applicable, in exchange for each Delta Lloyd preference share A, the owner of such share will receive a fraction of one preference share A of NN Group equal to the outcome of the calculation of dividing the Offer Price per Share by the NN Group stock price on the last day prior to the date on which the notarial deed to establish the Legal Merger is executed. The preference shares A in NN Group will have rights consistent with the rights of the currently existing Preference Shares A. If on occasion of the Legal Merger, NN Group will have to allot preference shares A, the articles of association of NN Group will, subject to approval of the general meeting of NN Group, be partially amended on occasion of the Legal Merger to facilitate the introduction of a separate class of preference shares A with rights consistent to the rights of the currently issued Preference Shares A.

U.S. federal securities laws restrict the distribution of securities, including the NN Group Shares, to persons located in the United States in the absence of registration or an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the ***U.S. Securities Act***). Accordingly, owners of Shares who are located in the United States will be required to make certain representations, warranties and undertakings in respect of their status as "qualified institutional buyers" within the meaning of Rule 144A under the U.S. Securities Act (the ***QIB Confirmations***, as set forth in Section 6.11.5(d) (*QIB Confirmations*) below), in order to receive the NN Group Shares on completion of the Legal Merger.

Given the disproportionate time and expense which would be incurred by Delta Lloyd and NN Group in registering the NN group Shares pursuant to the Legal Merger, the parties have agreed to conduct the Legal Merger (to the extent necessary) in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Therefore, if an owner of Shares located in the United States (or a nominee, broker or other intermediary holding such Shares beneficially for the account of a person located in the United States) is unable to make the QIB Confirmations on behalf of itself or the person on whose behalf such Shares are held, any NN Group Shares allotted to such person will instead be transferred to a nominee, and such NN Group Shares will be sold on his, her or its behalf with the proceeds being remitted to such person within 5 days of the completion of the Legal Merger.

With respect to the Legal Merger, NN Group shall, with the reasonable assistance of Delta Lloyd, prepare a prospectus (or equivalent document) in accordance with the Applicable Rules, to be approved prior to the implementation of the Legal Merger.

With respect to the Legal Merger, the Offeror, NN Group and Delta Lloyd have jointly prepared a merger proposal (*voorstel tot fusie*) in accordance with the provisions of Sections 2:312 and 2:326 of the Dutch Civil Code (the ***Merger Proposal***). An extra-ordinary general meeting of shareholders of Delta Lloyd shall be held for the Shareholder to resolve upon the Merger Proposal. Such additional meeting will be held immediately following completion of the Offer EGM on 29 March 2017 (the ***Legal Merger EGM***).

(d) QIB Confirmations

If a Shareholder (or any person on whose behalf such Shares are held) is located inside the United States (each a ***U.S. Holder***), in order to establish such person's eligibility for NN Group Shares on completion of the Legal Merger, such Shareholder must represent, warrant and confirm to and for the benefit of the Offeror that:

(i) the U.S. Holder understands and acknowledges that the NN Group Shares are being alloted in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, and that the NN Group Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws;

(ii) the U.S. Holder is (a) a ''qualified institutional buyer'' (or ''QIB'') as defined in Rule 144A under the U.S. Securities Act and a person who may be lawfully offered and sold the NN Group Shares; and (b) aware that any offer or sale of the NN Group Shares to it pursuant to the Legal Merger will be made in a transaction exempt from, or otherwise not subject to, the registration requirements of the U.S. Securities Act;

(iii) the U.S. Holder acknowledges and agrees that the NN Group Shares may not be reoffered, sold, pledged or otherwise transferred, and that they will not directly or indirectly reoffer, sell, pledge or otherwise transfer the NN Group Shares, except (a) in an ''offshore transaction'' in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act; (b) to a ''qualified institutional buyer'' (or ''QIB'') pursuant to Rule 144A under the U.S. Securities Act; or (c) pursuant to an exemption from the registration requirements of the U.S. Securities Act pursuant to Rule 144 thereunder (if available) and that in each case such offer, sale, pledge or transfer must and will be made in accordance with any applicable securities laws of any state or other jurisdiction of the United States;

(iv) the U.S. Holder understands that the NN Group Shares are ''restricted securities'' within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

(v) the U.S. Holder understands and acknowledges that upon the initial issuance thereof, and until such time as the same is no longer required under the U.S. Securities Act or applicable state securities laws, the certificates representing the NN Group Shares (to the extent such securities are in certificated form), and all certificates issued in exchange therefor or in substitution thereof, shall bear a legend substantially in the form below:

> ''THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT''), OR ANY OTHER APPLICABLE STATE SECURITIES LAW. BY ITS ACCEPTANCE OF THESE SECURITIES THE PURCHASER REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (''QIB'') AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT AND THAT IT IS EITHER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER PURCHASERS WHO ARE QIBs AND AGREES THAT THE SECURITIES ARE NOT BEING ACQUIRED WITH A VIEW TO DISTRIBUTION AND ANY RESALE OF SUCH SECURITIES WILL BE MADE ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 (IF AVAILABLE)'';

(vi) the U.S. Holder understands and acknowledges that no representation has been, or will be, made by the Offeror as to the availability of Rule 144 under the U.S. Securities Act or any state securities laws for the reoffer, pledge or transfer of the NN Group Shares;

(vii) the U.S. Holder understands and acknowledges that the Offeror may request the making of notations on NN Group's records of the NN Group Shares or give instructions to NN Group's registrar and any transfer agent in order to implement the restrictions on transfer set forth and described herein; and

(viii) if it is acquiring the NN Group Shares as a fiduciary or agent for one or more accounts, the Shareholder represents that it has sole investment discretion with respect to each such account and that it has full power and authority to make the foregoing acknowledgments, representations and agreements on behalf of such account.

6.11.6 Other Post Closing Measures

(a) Without prejudice to Sections 6.11.4 (*Squeeze-Out*) and 6.11.5 (*Pre-wired post-closing restructuring*), after Settlement the Offeror shall be entitled to effect or cause to effect any other restructuring of the Delta Lloyd Group for the purpose of achieving an optimal operational, legal, financial and/or fiscal structure in accordance with the Applicable Rules and Dutch law in general, some of which may have the side effect of diluting the interest of any remaining minority shareholders of Delta Lloyd (the ***Post Closing Measures***), including:

(i) a sale of all, or substantially all, of the assets and liabilities of Delta Lloyd to the Offeror or an Affiliate of the Offeror, which may or may not be followed by a distribution of proceeds to the Delta Lloyd shareholders;

(ii) a subsequent public offer for any Shares held by minority shareholders;

(iii) a statutory (bilateral or triangular) legal merger (*juridische (driehoeks-) fusie*) in accordance with Article 2:309 et seq of the Dutch Civil Code between Delta Lloyd, as the disappearing entity and the Offeror and/or an Affiliate of the Offeror, as the surviving entity;

(iv) a statutory legal demerger (*juridische splitsing*) of Delta Lloyd in accordance with Article 2:334a et seq of the Dutch Civil Code;

(v) a contribution of cash and/or assets by NN Group or by any Affiliate of NN Group in exchange for shares or preference shares in Delta Lloyd's share capital, in which circumstances the pre-emptive rights (*voorkeursrechten*), if any, of minority shareholders of Delta Lloyd may be excluded;

(vi) a distribution of proceeds, cash and/or assets to the shareholders of Delta Lloyd or share buybacks;

(vii) a sale and transfer of assets and liabilities by the Offeror or any member of the Offeror Group to any member of the Delta Lloyd Group, or a sale and transfer of assets and liabilities by any member of the Delta Lloyd Group to the Offeror or any member of the Offeror Group;

(viii) any transaction between Delta Lloyd and NN Group at terms that are not at arm's length;

(ix) any transaction, including a sale and/or transfer of any material asset, between Delta Lloyd and its Affiliates or between Delta Lloyd and the Offeror or their respective Affiliates with the objective of utilising any tax losses carried forward available to Delta Lloyd, the Offeror or any of their respective Affiliates;

(x) any combination of the foregoing; or

(xi) any transactions, restructurings, share issues, procedures and/or proceedings in relation to Delta Lloyd and/or one or more of its Affiliates required to effect the aforementioned objectives.

(b) In the implementation of any Post Closing Measure, due consideration will be given to the requirements of Dutch law and Applicable Rules, including the requirement to consider the interests of all stakeholders including any minority shareholders of Delta Lloyd (if any). The members of the Delta Lloyd Supervisory Board or, following the abolishment of the Delta Lloyd Supervisory Board, the NN Group Supervisory Board, shall be requested to form their independent view of the relevant matter. In this respect, the Delta Lloyd Supervisory Board members or the NN Group Supervisory Board members, as the case may be, shall continue to have the right to engage, for the account of Delta Lloyd or NN Group, as the case may be, their own financial and legal advisors, if and to the extent they believe that the advice of such advisors is necessary to assist them in reviewing and assessing any matter that comes before the Delta Lloyd Supervisory Board or the NN Group Supervisory Board, as the case may be.

(c) If any proposed Post Closing Measure could reasonably be expected to prejudice or negatively affect the value of the Shares held by the remaining minority shareholders in Delta Lloyd, other than pursuant to (i) a rights issue or any other share issue where they have been offered a reasonable opportunity to subscribe pro rata to their then existing shareholding, or any shares issued to a third party not being an Affiliate the Offeror or Delta Lloyd, (ii) a Squeeze-Out or (iii) the Legal Merger, then the affirmative vote of at least one Continuing Member shall be required prior to the implementation of any such Post Closing Measure.

6.11.7 Proposed amendments to the Delta Lloyd Articles of Association

At the Offer EGM, the Shareholders shall be requested to vote, subject to the condition that the Offer is declared unconditional (*gestand wordt gedaan*) by the Offeror, for a resolution to (i) amend the Delta Lloyd Articles of Association in accordance with the draft amended Delta Lloyd Articles of Association included in Section 14.1 (*Delta Lloyd Articles of Association after Settlement*) of this Offer Memorandum as per Settlement and (ii) amend the Delta Lloyd Articles of Association in accordance with the draft amended Delta Lloyd Articles of Association included in Section 14.2 (*Delta Lloyd Articles of Association after delisting*) as per the date of delisting of the Shares. These amendments mainly concern a shift of certain authorities from the Delta Lloyd Executive Board and/or the Delta Lloyd Supervisory Board in favour of the rights of the general meeting of Shareholders and, following delistings, deletion of all references to the listing of Delta Lloyd.

6.11.8 Other measures

Subject to the terms and conditions of this Offer Memorandum, the Offeror reserves the right to submit proposals to the Shareholders in order to change the corporate structure and the capital structure of Delta Lloyd and/or to achieve an optimal financial or other structuring, including further amendments to the Delta Lloyd Articles of Association, changes in the accounting policies applied by the Delta Lloyd Group and a liquidation of Delta Lloyd, all in accordance with the Applicable Rules and the Delta Lloyd Articles of Association.

6.11.9 Dividend policy

The Shareholders should be aware that Delta Lloyd may or may not pay cash dividends in the future. Future dividends paid may be of a one off nature only and the amount of any dividends will depend on a number of factors associated with the Offeror's tax and financial preferences from time to time.

Any Distribution made in respect of Shares after the Settlement Date will be deducted for the purpose of establishing the value per Share in any measure contemplated by Section 6.11.4 *(Squeeze-out*), Section 6.11.5 (*Pre-wired post-closing restructuring*) and Section 6.11.6 (*Other Post Closing Measures*).

6.11.10 Tax treatment of distributions

The Offeror and Delta Lloyd can give no assurances and have no responsibility with respect to the tax treatment of Shareholders with respect to any distributions made by Delta Lloyd or any successor entity of Delta Lloyd on the Shares, which may include dividends, interest, repayments of principal, repayments of capital and liquidation distributions.

6.12 Strategy

The Offeror shall be responsible for determining and implementing the strategy of the Combined Group, it being understood that NN Group and Delta Lloyd have agreed to certain principles as set out in this Section 6.12 (*Strategy*) in relation to the combined Benelux business strategy of the Combined Group going forward.

6.12.1 Business

NN Group and Delta Lloyd intend to integrate or merge (i) the corporate group activities of Delta Lloyd into the corporate group activities of NN Group as soon as possible following the Settlement Date, (ii) the asset management business and banking business of Delta Lloyd into the asset management business respectively the banking business of NN Group as soon as possible following the Settlement Date and (iii) the Life business and Non-life business of Delta Lloyd into the Life business respectively the Non-life business of NN Group within three (3) years. In the context of the integration of businesses referred to under (ii) and (iii), the operating model of NN Group shall serve as the leading model, into which the operating model of Delta Lloyd shall be migrated.

6.12.2 Brands

The brands of NN Group shall be used as the brands for the Combined Group. The brand "Delta Lloyd" shall no longer be actively marketed or used for commercial activities and is expected to be gradually and prudently phased out over time. The brands "OHRA" and "BeFrank" shall be maintained and the Combined Group supports the continued use of the brand of the ABN AMRO joint venture by the ABN AMRO joint venture. The Combined Group intends to continue NN Group's APF brand ("De Nationale") and to discontinue Delta Lloyds's APF brand.

6.12.3 Continuation of selected businesses and best practices

The Combined Group shall continue the following businesses and best practices of Delta Lloyd: (a) OHRA's direct capabilities, (b) the ABN AMRO joint venture, (c) the CZ distribution agreement and (d) selected well-performing funds of DLAM, in each case subject to adjustments and improvements in the ordinary course of business and periodic review of focus and efficiency aimed at improving overall financial performance.

Furthermore, the Combined Group shall explore which of the other best practises of Delta Lloyd can be continued in efficient value chains. Attractive best practices to be considered in this respect are (a) Life open book and (b) the Solife platform in Belgium.

6.13 Organisation

The Offeror shall be responsible for determining and implementing the organisational structure of the Combined Group, it being understood that NN Group and Delta Lloyd have agreed to certain principles set out in this Section 6.13 (*Organisation*).

6.13.1 Location

The head offices shall be combined at NN Group's head office in The Hague. Delta Lloyd's location in Amsterdam shall be maintained for a period of at least three years following the Settlement Date, for insurance activities, provided this will not hinder the implementation of the integration plan. The Combined Group shall support the continued use by the ABN AMRO joint venture of its offices in Zwolle. Delta Lloyd's location in Arnhem (OHRA) shall be maintained, provided that the Combined Group shall retain the flexibility to combine its operations in Ede and Arnhem in one location in the Arnhem/Ede region.

Delta Lloyd's location in Helmond shall be closed on the basis of prudent planning and, consistent with such planning, the Helmond operations shall be moved over time to Delta Lloyd's location in Amsterdam or one of NN Group's locations.

The respective offices in Brussels shall be combined at a location in Brussels to be determined by NN Group.

6.13.2 Corporate identity and culture

The corporate identity and culture of NN Group (based on the brand values "clear, care, commit") shall serve as the blueprint for the corporate identity and culture of the Combined Group. NN Group acknowledges the significance of the various cultural programmes conducted by Delta Lloyd in recent years and shall strive to incorporate elements thereof into the cultural programmes of the Combined Group.

The Combined Group shall create and promote a culture of excellence, including by attracting highly talented employees, providing appropriate learning and development facilities, offering clear career opportunities and offering international assignments, and ensure that NN Group and Delta Lloyd employees shall have equal access to such opportunities.

6.13.3 Sustainability

The Combined Group shall strive to be a leader in the field of sustainability, inspired by Delta Lloyd's current leadership in such field.

The charity programme as conducted by the Delta Lloyd Foundation shall be continued.

6.13.4 Sponsorship programmes

Delta Lloyd's sponsorship of the Dutch sailing association (*Koninklijk Nederlands Watersport Verbond*) shall be continued until the Olympic Games in Tokyo in 2020, in line with Delta Lloyd's current obligations.

6.14 Integration

After the Settlement Date, NN Group and Delta Lloyd intend to integrate and align their operations in The Netherlands and Belgium (the ***Benelux Operations***) to fully benefit from their combined reach, scale and resources, in order to provide a compelling platform, maximise the potential of the two businesses and enhance the capabilities of the Combined Group to service customers.

The integration will be led by the NN Group Management Board, determining the parameters for integration and supervising the operational working groups. The integration process will be executed in a fair, balanced and timely manner, respecting the talents and strengths of people in both organisations. In this respect, senior representatives of both NN Group and Delta Lloyd will be given a role in preparing the transitional plans and monitoring implementation at the level of the operational working groups.

In order to safeguard the process, a transition committee has been established consisting of three members, being Mr Friese, Mr Holsboer and one Delta Lloyd representative (the ***Transition Committee***). The Transition Committee will supervise, monitor and advise on the fairness of the integration process. Following the Settlement Date, the Transition Committee will continue to be in place until completion of the integration.

NN Group and Delta Lloyd will strive to realise the synergies of the Transaction as soon as reasonably possible after Settlement. The Delta Lloyd Boards subscribe to the joint strategic vision underlying the Transaction.

6.15 Employees

6.15.1 Selection

The nomination, selection and appointment of staff for any function within the Combined Group following the Settlement Date will, subject to the Applicable Rules, be based on the "best person for the job" principle, or, where not feasible or appropriate, on non-discriminatory, fair and business-oriented transparent set of criteria. This principle will also apply for staff management, and at least 50% of Delta Lloyd's current staff management (comprising twelve (12) persons) will be given a senior role in the Combined Group.

Any employees that are selected for a position within the Combined Group shall receive proper training.

Subject to Section 6.16.1 (*Composition of the Delta Lloyd Executive Board*), the members of the management teams of the business units of the Benelux Operations will be appointed by the NN Group Management Board on the basis of an individual assessment, and following prior consultation with one of the Continuing Members. The individual assessment process will be organized and conducted by a specialised professional advisory firm and the results of such assessment will be shared with the relevant Continuing Member.

Taking into account the spirit and nature of the Transaction, as well as the size of the operations and management structure of NN Group and Delta Lloyd, respectively, the objective will be that at least 50% of Delta Lloyd's current business unit management (comprising of twenty-three (23) persons) will be given a senior role in the Combined Group at a comparable level to their current role.

It will be important for the Combined Group to retain talent and in light thereof the Offeror will, effective as from the Settlement Date, put in place appropriate retention measures, including in respect of certain Delta Lloyd employees, on an individual basis, where deemed necessary or appropriate.

The Transition Committee will monitor the fairness of the selection process.

6.15.2 Redundancies

The integration of the businesses of Delta Lloyd and NN Group may have potential consequences for the employees of the Benelux Operations. Delta Lloyd and NN Group shall put in place appropriate arrangements dealing with the impact of integration for employees with due care and respect and shall honour the redundancy arrangements, social plans and applicable contractual arrangements already made or to be made with the relevant employees and/or their representatives.

To the extent required pursuant to existing or future social plans and/or redundancy plans, Delta Lloyd and NN Group will ensure that any vacancies that arise during the integration phase within the Combined Group and within the same geographical area are first offered to employees of the Combined Group who have or would have become redundant in connection with the Offer and the contemplated transactions, subject to such employees having the relevant skills and experience and in line with the Applicable Rules.

Delta Lloyd and NN Group shall offer outplacement services to any employees of the Combined Group that become redundant in connection with the Offer and the contemplated transactions, to the extent required pursuant to existing or future social plans and/or redundancy plans.

6.15.3 Existing rights

Following the Settlement Date:

(a) the large company regime (*volledig structuurregime*) established at the level of Delta Lloyd will be abolished;

(b) NN Group will respect and continue the current Delta Lloyd employee consultation structure, including the Delta Lloyd Works Council and other existing employee representative bodies, until such time that the integration process of the Benelux Operations merits a unified employee consultation structure;

(c) NN Group shall respect any and all existing rights and benefits of employees of the Delta Lloyd Group, including under any existing social plans, profit sharing schemes, covenants (including covenants with the Delta Lloyd Works Council) and collective labour agreements (including the employee benefits included in the terms thereof), as well as the terms of the individual employment agreements between the Delta Lloyd Group and its employees for the agreed duration of these arrangements and agreements or, if earlier, until new plans and/or agreements will be in place amending these rights with due observance of the Applicable Rules; and

(d) subject to the envisaged transition of all existing and future defined benefits to (collective) defined contribution pension benefits, NN Group shall respect any and all such existing rights of the Delta Lloyd Group's current and former employees.

6.15.4 Employee consultations

The trade unions involved with the Offeror and Delta Lloyd and the secretariat of the Social Economic Council (*Sociaal Economische Raad*) have been informed in writing of the Offer in accordance with the SER Fusiegedragsregels 2015 (the Dutch code in respect of informing and consulting of trade unions).

The Delta Lloyd Works Council and the NN Group Works Council have been informed regarding the Offer. On the basis thereof, the Delta Lloyd Works Council and the NN Group Works Council have given their positive advice in respect of the Offer on 1 February 2017 and 19 January 2017, respectively.

To the extent that intended decisions regarding any future integration or restructuring will be subject to the Delta Lloyd Works Council, the NN Group Works Council and/or applicable trade unions, the proper procedures shall be complied with pursuant to the WOR and other Applicable Rules, existing covenants entered into with the Delta Lloyd Works Council or the NN Group Works Council, as the case may be and in accordance with standard practice within Delta Lloyd and/or NN Group.

6.16 Governance of Delta Lloyd

6.16.1 Composition of the Delta Lloyd Executive Board

As of the Settlement Date Mr Abrahams, Ms Mijer and Mr van Riet shall continue to serve on the Delta Lloyd Executive Board. In addition, two additional members identified by the Offeror, being Mr Knibbe and Ms van Vredenburch will, subject to the Offer having been declared unconditional and completion of the applicable formal corporate procedures, be appointed to the Delta Lloyd Executive Board by the Delta Lloyd Supervisory Board as of the Settlement Date. Furthermore, subject to the Offer having been declared unconditional, Mr Knibbe will be the CEO of Delta Lloyd as of the Settlement Date.

The current members of the Delta Lloyd Executive Board who will continue to serve on the Delta Lloyd Executive Board after the Settlement Date will remain in office for as long as appropriate. If, as a result of integration or otherwise, their roles will cease to exist or become redundant, the Offeror will use its reasonable best efforts to find suitable alternative senior roles within the Combined Group. Should the Offeror not be able to find such role or should the relevant members of the Delta Lloyd Executive Board not be interested in such a continuation of his or her career, the Offeror will respect the agreed notice period as well as the existing severance arrangements.

6.16.2 Composition of the Delta Lloyd Supervisory Board

Subject to the Offer being declared unconditional and the relevant resolutions having been adopted at the Offer EGM, the Delta Lloyd Supervisory Board will as of the Settlement Date consist of Mr Friese, Mr Rueda and Mr Erasmus, Mr Ruijter and Ms Streit. Mr Ruijter and Ms Streit (the ***Continuing Members***) shall qualify as independent within the Dutch Corporate Governance Code. Mr Ruijter shall continue to be the chairman of the Delta Lloyd Supervisory Board.

The Delta Lloyd Supervisory Board shall be abolished as soon as possible following the termination of the listings of Delta Lloyd from Euronext Amsterdam and Euronext Brussels and the appointment of the Continuing Members to the NN Group Supervisory Board. See Section 6.17.2 (*Composition of the NN Group Supervisory Board*).

It is acknowledged and agreed that, as of the Settlement Date, in deviation of the Dutch Corporate Governance Code, persons who are employed by, or otherwise related to, NN Group can be appointed to the Delta Lloyd Supervisory Board, provided that the Continuing Members or after their replacement any other person who (i) qualifies as independent director within the meaning of the Dutch Corporate Governance Code and (ii) is reasonably acceptable to the other supervisory directors including the Continuing Member, shall continue to serve on the Delta Lloyd Supervisory Board or the NN Group Supervisory Board, as the case may be, until the third (3^{rd}) anniversary of the Settlement Date.

In their position as members of the Delta Lloyd Supervisory Board or the NN Group Supervisory Board, as the case may be, the Continuing Members shall monitor and protect the interests of all Delta Lloyd's stakeholders, including, in particular, monitoring the Non-Financial Covenants and, when material transactions between Delta Lloyd and NN Group or an Affiliate of NN Group are considered, the fair treatment of minority shareholders of Delta Lloyd (if any).

6.16.3 Severance packages of members of the Delta Lloyd Boards

Mr van der Noordaa will, subject to the Offer having been declared unconditional and effective as per the Settlement Date, resign as member of the Delta Lloyd Executive Board. In connection with his resignation Mr Van der Noordaa will receive a severance payment of EUR 950,000, which amount is, in line with the Dutch Corporate Governance Code, no more than one year's salary.

None of the members of the Delta Lloyd Supervisory Board is entitled to a contractual severance payment or any other form of compensation on termination of service or in connection with the Offer.

6.17 Future composition of the NN Group Boards

6.17.1 Composition of the NN Group Executive Board

The composition of the NN Group Executive Board will remain unchanged following Settlement.

6.17.2 Composition of the NN Group Supervisory Board

Following the Settlement Date, NN Group, including the NN Group Executive Board and the NN Group Supervisory Board and all respective members thereof individually, will use their respective reasonable best efforts, including by convening a(n) (extraordinary) general meeting of shareholders and through their vote in favour of any (proposal for the) nomination or appointment of any person to the NN Group Supervisory Board, to ensure that the two Continuing Members referred to in Section 6.16.2 (*Composition of the Delta Lloyd Supervisory Board*) will be appointed to the NN Group Supervisory Board (subject to the applicable regulatory approvals from DNB having been obtained) as soon as possible following the termination of the listing of Delta Lloyd from Euronext Amsterdam and Euronext Brussels in which case the provisions of Section 6.16.2 (*Composition of the Delta Lloyd Supervisory Board*) shall apply mutatis mutandis.

6.18 Duration, benefit and enforcement Non-Financial Covenants

6.18.1 Duration

Although NN Group currently has no intention to deviate from the covenants, confirmations and commitments set out Sections 6.11 (*Consequences of the Offer*), 6.12 (*Strategy*), 6.13 (*Organisation*), 6.14 (*Integration*), 6.15 (*Employees*), 6.16 (*Governance of Delta Lloyd*) and 6.17.2 (*Composition of the NN Group Supervisory Board*) (the ***Non-Financial Covenants***), NN Group and Delta Lloyd have agreed that the Non-Financial Covenants will expire on the third (3rd) anniversary of the Settlement Date, except with respect to the Non-Financial Covenants set out in Section 6.11.6 (*Other Post Closing Measures*).

The Non-Financial Covenants set out in Section 6.11.6 (*Other Post Closing Measures*), will cease to apply on the earlier of (i) the date on which NN Group directly or indirectly holds 100% of the Shares, (ii) the date on which NN Group commences a Squeeze-Out and (iii) the third (3rd) anniversary of the Settlement Date.

In the event that Delta Lloyd ceases to exist during the duration of the Non-Financial Covenants as set out in this Section 6.18.1 (*Duration*) as a result of the integration of the businesses of Delta Lloyd and NN Group (such as pursuant to the Legal Merger) or for any other reason, the Non-Financial Covenants shall continue to apply to the holding company of the Benelux Operations. In such case, all references to Delta Lloyd in the Non-Financial Covenants shall be deemed to refer to such holding company of the Benelux Operations, its subsidiaries and its businesses.

6.18.2 Enforcement

Any deviation from the Non-Financial Covenants shall require the prior approval of the Delta Lloyd Supervisory Board or, following the abolishment of the Delta Lloyd Supervisory Board, the NN Group Supervisory Board, including the affirmative vote of at least one Continuing Member.

The Non-Financial Covenants are made to Delta Lloyd as well as, by way of irrevocable third party undertaking for no consideration (*onherroepelijk derdenbeding om niet*), to each of the two Continuing Members in their capacity as members of the Delta Lloyd Supervisory Board or, following the abolishment of the Delta Lloyd Supervisory Board, the NN Group Supervisory Board, it being understood that the Non-Financial Covenants may only be enforced by the Continuing Members, acting jointly. NN Group hereby agrees in advance to the assignment of the benefit of this undertaking by any Continuing Member to its successor.

NN Group will bear all costs and expenses relating to the enforcement of the Non-Financial Covenants by the Continuing Members.

6.19 EGMs

6.19.1 Offer EGM

At the Offer EGM, to be held on 29 March 2017, the Delta Lloyd shareholders shall be requested to, subject to the Offer being declared unconditional (*gestanddoening*) and effective as per the Settlement Date:

(a) appoint Mr Friese, Mr Rueda and Mr Erasmus as Delta Lloyd Supervisory Board members;

(b) accept the resignation of, and give full and final discharge to, all resigning Delta Lloyd Supervisory Board member(s) with respect to their duties and obligations performed and incurred in their respective capacity as member of the Delta Lloyd Supervisory Board;

(c) accept the resignation of, and give full and final discharge to, all resigning Delta Lloyd Executive Board member(s) with respect to their duties and obligations performed and incurred in their respective capacity as member of the Delta Lloyd Executive Board; and

(d) resolve on the amendment of the Delta Lloyd Articles of Association in accordance with the draft amended Articles of Association included in Section 14.1 (*Delta Lloyd*

Articles of Association after Settlement) and Section 14.2 (*Delta Lloyd Articles of Association after delisting*),

(together, the ***Offer EGM Resolutions***).

At the Offer EGM, Delta Lloyd shareholders shall also be notified of the intended appointments to the Delta Lloyd Executive Board.

6.19.2 Legal Merger EGM

At the Legal Merger EGM, to be held on the same date as and immediately following the Offer EGM on 29 March 2017, the Delta Lloyd shareholders shall be requested to, subject to (i) to the Offeror and any of its Affiliates holding at least 67% of Delta Lloyd's aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand kapitaal*) on a fully diluted basis following completion of the Offer and (ii) the Offer being declared unconditional (*gestanddoening*) and effective as per the Settlement Date, resolve on the Legal Merger Proposal (the ***Legal Merger Resolution***).

6.19.3 Delta Lloyd undertaking

Delta Lloyd shall reasonably do, and procure to be done, all those things necessary to ensure that the Offer EGM Resolutions and the Legal Merger Resolution are passed. If, however, one or more of the EGM Resolutions or the Legal Merger Resolution is not approved at the Offer EGM or the Legal Merger EGM, as the case may be, Delta Lloyd will at NN Group's request convene a new (extraordinary) meeting of shareholders of Delta Lloyd, to take place after and subject to Settlement, at which meeting the relevant EGM Resolution(s) or Legal Merger Resolution, as the case may be will be put to a vote.

6.20 Preference Shares A

On 22 December 1999, a loan agreement was entered into between Fonds Nuts Ohra and Delta Lloyd. At the same time, preference shares A were issued to Fonds NutsOhra. Fonds NutsOhra owns all the preference shares A issued by Delta Lloyd, as per the loan agreement, being 10,021,495 preference shares A with a nominal value of EUR 0.20 (the ***Preference Shares A***). The terms and conditions of the loan agreement have since been amended twice (on 16 October 2009 and 6 November 2015) to alter the principles of conversion of the loan and to ensure grandfathering of the convertible loan under Solvency II for a period of three years, respectively. DNB has expressly consented to the latter amendment.

Fonds NutsOhra has the right to convert the loan into ordinary shares in the capital of Delta Lloyd. Fonds NutsOhra is entitled to convert the Preference Shares A at any time if: (i) an offer memorandum for a public take-over has been submitted; (ii) an (extra-ordinary) general meeting is convened in which the resolution to resolve upon a legal (de)merger has been put on the agenda; (iii) Delta Lloyd has announced that it will sell a majority of its assets; or (iv) an (extra-ordinary) general meeting is convened in which a resolution to resolve on a significant change to the identity or character of Delta Lloyd, which requires approval of the general meeting of shareholders pursuant to Section 2:107a Dutch Civil Code, such as the following items has been put on the agenda: (a) a transfer of the company to a third party; (b) a long-term cooperation with another entity; or (c) acquiring or divesting an interest in a company which value amounts to one-third of the assets on the balance sheet of Delta Lloyd.

Pursuant to the loan agreement, conversion of the Preference Shares A shall take place within two (2) business days after Fonds NutsOhra has submitted a written request to Delta Lloyd. Fonds NutsOhra may in principle convert its Preference Shares A for EUR 22.67 per ordinary share in the capital of Delta Lloyd.

The Offer does not extend to the Preference Shares A. The Offeror and Delta Lloyd intend to discuss with Fonds NutsOhra the conversion or acquisition of their Preference Shares A. If Fonds NutsOhra will not be willing to convert or sell its Preference Shares A prior to the Settlement Date, the Offeror and Delta Lloyd shall use their reasonable best efforts to propose a structure whereby no Preference Shares A are outstanding following Settlement. This may include a structure whereby Fonds NutsOhra will be given instruments in NN Group similar to the Preference Shares A in exchange for their Preference Shares A or any other structure.

If Fonds NutsOhra does convert its Preference Shares A prior to the Closing Date, the Offer will also relate to the Delta Lloyd ordinary shares received by Fonds NutsOhra as a result of such conversion and Fonds NutsOhra shall be permitted to tender such shares under the Offer in accordance with article 3, paragraph 2 of the Decree.

6.21 Certain arrangements between the Offeror and Delta Lloyd

Below is a summary of the key arrangements set forth in the Merger Protocol that are relevant to the Offer and not otherwise described in this Offer Memorandum.

6.21.1 Exclusivity

During the Exclusivity Period:

(a) except as permitted pursuant to this Section 6.21.1 (*Exclusivity*) and Section 6.21.2 (*Commitment of Delta Lloyd regarding Potential Competing Offers*), Delta Lloyd shall not and shall ensure that none of its Affiliates, nor any of their respective directors, officers, employees, agents, advisers or representatives, including without limitation, the members of the Delta Lloyd Boards, shall, directly or indirectly, approach, initiate, enter into or continue discussions or negotiations with, or provide any non-public information relating to the Delta Lloyd Group or its business or assets or personnel to, or otherwise approach, solicit, encourage, induce or assist any third party with respect to a potential offer or proposal for a potential offer for all or part of the Shares or for the whole or part of the businesses or assets of the Delta Lloyd Group or any proposal involving the potential acquisition of a substantial interest in the Delta Lloyd Group, a legal merger or demerger involving Delta Lloyd, a reverse takeover of Delta Lloyd or a reorganisation or re-capitalisation of Delta Lloyd and/ or the Delta Lloyd Group (each an ***Alternative Proposal***); and

(b) Delta Lloyd will notify NN Group promptly (and in any event within forty-eight (48) hours) if any communication, invitation, approach or enquiry, or any request for information, is received by Delta Lloyd, any of its Affiliates or any of their respective directors, officers, employees, agents, advisers or representatives, from any third party in relation to a written Alternative Proposal.

Notwithstanding the above, Delta Lloyd is permitted to engage in discussions with, and provide information to, a *bona fide* third party that makes an unsolicited approach with the intention to make a Competing Offer to Delta Lloyd and to investigate such approach and enter into discussions with such third party, provided that (i) Delta Lloyd shall only be permitted to engage in discussions if and to the extent the Delta Lloyd Boards have in their reasonable opinion determined that doing so is reasonably necessary to assess whether such Alternative Proposal could reasonably be expected to qualify or evolve into a Potential Competing Offer or Competing Offer and (ii) Delta Lloyd keeps NN Group updated on the status of those discussions or any other developments in relation thereto on a regular basis.

6.21.2 Commitment of Delta Lloyd regarding Potential Competing Offers

In the event a Potential Competing Offer is made:

(a) Delta Lloyd shall be permitted to provide non-public information to the third party making the offer, but only if such third party has entered into a confidentiality agreement with Delta Lloyd on customary terms, provided that Delta Lloyd shall not provide more information to a third party than it has provided to NN Group unless Delta Lloyd provides such additional information also to NN Group;

(b) Delta Lloyd will notify NN Group promptly (and in any event within forty-eight (48) hours) if any Potential Competing Offer is received by Delta Lloyd any of its Affiliates or any of their respective directors, officers, employees, agents, advisers or representatives, from any third party, and provide reasonable details, to the extent available to it, of such Potential Competing Offer, including in any event the identity of the third party, the proposed consideration and the main conditions to the offer. Furthermore, Delta Lloyd shall keep NN Group immediately informed of any material developments in relation to such Potential Competing Offer;

(c) Delta Lloyd shall be permitted to consider such Potential Competing Offer and engage in discussions or negotiations regarding such Potential Competing Offer; and

(d) Delta Lloyd shall be permitted to make any public announcements in relation to the Potential Competing Offer to the extent required by the Applicable Rules.

6.21.3 Commitment of Delta Lloyd regarding Competing Offers

In the event of a Competing Offer for Delta Lloyd, the following shall apply:

(a) Delta Lloyd shall promptly (and in any event within forty-eight (48) hours) keep NN Group informed of any material developments in relation to such Competing Offer;

(b) NN Group shall have a period of seven (7) Business Days following announcement of the Competing Offer (the ***Matching Offer Period***) to decide whether or not it wants to revise its Offer and match the Competing Offer by submitting in writing to the

Delta Lloyd Boards a revision of the Offer within the Matching Offer Period (the ***Matching Right***);

(c) if NN Group exercises its Matching Right and its revised Offer is determined by the Delta Lloyd Boards, having consulted their financial and legal advisors and acting in good faith and observing their obligations under Dutch law, to be at least equally beneficial to Delta Lloyd and its stakeholders as the Competing Offer (a ***Matching Revised Offer***), Delta Lloyd shall not be entitled to accept the Competing Offer and/or to terminate the Merger Protocol, except if permitted by Section 6.21.4 (*Commitment of Delta Lloyd regarding Subsequent Competing Offers*), in conjunction with Sections 6.21.2 (*Commitment of Delta Lloyd regarding Potential Competing Offers*) and 6.21.3 (*Commitment of Delta Lloyd regarding Competing Offers*), in respect of any consecutive Competing Offer; and

(d) if NN Group has failed to timely inform Delta Lloyd in accordance with Section 6.21.3(b) (*Commitment of Delta Lloyd regarding Competing Offers*), NN Group has not made a Matching Revised Offer or if NN Group has informed Delta Lloyd that it does not wish to exercise its Matching Right, Delta Lloyd shall be entitled to accept the Competing Offer and the Delta Lloyd Boards shall have the right, but shall not be obliged, to withdraw or, as applicable, modify the Recommendation and the Position Statement. If Delta Lloyd accepts the Competing Offer and this is communicated to NN Group within ten (10) Business Days from the Matching Offer Period, each Party shall be entitled, but shall not be obliged, to terminate the Merger Protocol.

6.21.4 Commitment of Delta Lloyd regarding Subsequent Competing Offers

If NN Group has matched any Competing Offer in accordance with Section 6.21.3 (*Commitment of Delta Lloyd regarding Competing Offers*), the consideration per Share of any other, consecutive or amended offer made by any bona fide third party for all of the outstanding Shares, all or substantially all of the assets of the Delta Lloyd Group or a merger of Delta Lloyd (a ***Subsequent Higher Offer***) must exceed the most recently offered consideration per Share by NN Group after having exercised its Matching Right by at least 5%, in order for any such Subsequent Higher Offer to qualify as a Competing Offer.

The provisions of Sections 6.21.2 (*Commitment of Delta Lloyd regarding Potential Competing Offers*), 6.21.3 (*Commitment of Delta Lloyd regarding Competing Offers*) and 6.21.4 (*Commitment of Delta Lloyd regarding Subsequent Competing Offers*) shall apply *mutatis mutandis* to any Subsequent Higher Offer constituting a Competing Offer.

6.21.5 Termination events

The Merger Protocol may be terminated in writing in the following events:

(a) if the Offeror and Delta Lloyd so agree;

(b) by either Delta Lloyd or the Offeror if any of the Offer Conditions is not satisfied or waived by either Delta Lloyd or the Offeror, as applicable, by the Long Stop Date or if it is apparent that such Offer Condition(s) cannot be satisfied and shall not be waived by the applicable terminating party before such date, provided that the non-satisfaction is not due to a breach by the terminating party of any of its obligations under the Merger Protocol or any agreement resulting from it;

(c) by Delta Lloyd if all Offer Conditions are satisfied or waived and Settlement has not taken place on the Settlement Date;

(d) by either Delta Lloyd or the Offeror if the other party has breached the Merger Protocol, but only if the breach has or could reasonably be expected to have material adverse consequences for Delta Lloyd, the Offer or the Transaction and is incapable of being remedied or has not been remedied within ten (10) Business Days (or, if earlier, before the Long Stop Date); and

(e) by either Delta Lloyd or the Offeror if a Competing Offer is made and accepted by Delta Lloyd in accordance with Section 6.21.3 (*Commitment of Delta Lloyd regarding Competing Offers*).

6.21.6 Compensations of costs for Delta Lloyd

To induce Delta Lloyd to enter into the Merger Protocol and to compensate Delta Lloyd and its Affiliates for loss of management time and other costs and expenses it has already incurred and will continue to incur in connection with the (preparation of the) Transaction, (in)direct loss and damages to Delta Lloyd's business due to the announcement of the Offer and its effects on, among other things, employees, customers and suppliers, the Offeror will pay to Delta Lloyd immediately upon first written request thereto from Delta Lloyd:

(a) a termination fee of EUR 25,000,000 (twenty-five million euro) net in cash if the Merger Protocol is terminated by Delta Lloyd pursuant to Section 6.21.5(c) (*Termination events*) because Settlement has not taken place on the Settlement Date despite the fact that all Offer Conditions are satisfied or waived;

(b) a termination fee of EUR 25,000,000 (twenty-five million euro) net in cash if the Merger Protocol is terminated by Delta Lloyd pursuant to Section 6.21.5(d) (*Termination events*) because the Offeror has breached the Merger Protocol and such breach has or could be expected to have material adverse consequences for Delta Lloyd, the Offer or the Transaction and cannot be or is not remedied in a timely manner;

(c) a termination fee of EUR 25,000,000 (twenty-five million euro) net in cash if the Merger Protocol is terminated by NN Group or Delta Lloyd pursuant to Section 6.21.5(b) (*Termination events*) because the Offer Condition set out in Section 6.7.1(c) (*Regulatory Approvals*) is not satisfied or waived; and

(d) a termination fee of EUR 67,500,000 (sixty-seven million five hundred thousand euro) net in cash if the Merger Protocol is terminated by NN Group or Delta Lloyd pursuant to Section 6.21.5(b) (*Termination events*) because the Offer Condition set out in Section 6.7.1(b) (*Regulatory Approvals*) is not satisfied or waived.

6.21.7 Compensation of costs for NN Group

To induce NN Group to enter into the Merger Protocol and to compensate NN Group and its Affiliates for loss of management time and other costs and expenses it has already incurred and will continue to incur in connection with the (preparation of the) Transaction Delta Lloyd shall pay to NN Group, immediately upon first written request thereto from NN Group, a termination fee of twenty-five million euro (EUR 25,000,000) if the Merger Protocol is terminated:

(a) by NN Group pursuant to Section 6.21.5(d) (*Termination events*) because Delta Lloyd has breached the Merger Protocol and such breach has or could be expected to have material adverse consequences for Delta Lloyd, the Offer or the Transaction and cannot be or is not remedied in a timely manner; or

(b) by either Delta Lloyd or NN Group pursuant to Section 6.21.5(e) (*Termination events*) because a Competing Offer is made and accepted by Delta Lloyd in accordance with Section 6.21.3 (*Commitment of Delta Lloyd regarding Competing Offers*).

7. INFORMATION REGARDING DELTA LLOYD

7.1 Introduction

Delta Lloyd is a financial services provider offering life insurance, pensions, general insurance, asset management and banking products and services to 4.2 million customers in its target markets the Netherlands and Belgium. In order to do so, Delta Lloyd uses multiple channels to distribute its products and services under the following brands: Delta Lloyd, BeFrank, OHRA and ABN AMRO Insurance. Delta Lloyd has the equivalent of 4,130 full-time employees, of which 3,524 are based in The Netherlands and 439 are based in Belgium per 31 December 2016.

7.2 History of Delta Lloyd

In 1807, the Hollandsche Societëit van Levensverzekeringen N.V. was founded in Amsterdam, the oldest existing life insurer in continental Europe. In 1967, Hollandsche Sociëteit joined forces with the Amsterdamse Maatschappij van Levensverzekeringen N.V. and was renamed Delta. Two years later, in 1969, Delta merged with Nedlloyd, expanding into general insurance and creating the new, listed Delta Lloyd N.V.

In 1999, Delta Lloyd merged with NUTS OHRA Beheer B.V., a direct writer with a large health insurance portfolio. In 2003, Delta Lloyd entered into a joint venture with ABN AMRO Bank, acquiring a 51% majority stake in ABN AMRO Verzekeringen, to sell insurance products through the bank's distribution network in The Netherlands. In 2007, Delta Lloyd signed a strategic alliance with Dutch insurance company CZ to bear the risk for the health insurance business, gaining a substantial market share. As a result, Delta Lloyd now had three distribution channels in The Netherlands for its three Dutch brands.

In 2008, Delta Lloyd Life acquired pension insurer Swiss Life Belgium. In 2013, life insurance company ZA Verzekeringen was added to the Belgian portfolio. In 2014, Delta Lloyd obtained full ownership of BeFrank, enhancing the Delta Lloyd Group's recognition in the market for group defined contribution pension schemes.

7.3 Business overview

The Delta Lloyd Group offers a range of products from simple insurance products to bespoke and often more sophisticated individual and group life insurance products, as well as basic savings and financial planning services through its multiple brands. The broad range of general insurance coverage includes motor vehicles, fire, liability, income protection, and specialist areas such as offshore wind parks. Delta Lloyd and OHRA also distribute health insurance products underwritten by CZ.

Delta Lloyd's Dutch banking activities mainly centre around mortgage loans, bank annuities, savings products and fund investments.

Delta Lloyd Asset Management independently manages and invests Delta Lloyd's assets and those of its policy holders and it manages the investments of institutional and retail customers.

7.4 Organisational structure

The structure of Delta Lloyd can be divided into four categories: Life Insurance, General Insurance, Bank and Asset Management.

7.4.1 Life Insurance

In The Netherlands, the Delta Lloyd brand focuses mainly on providing group pensions, as well as life insurance products through independent financial advisors. Delta Lloyd also sells life insurance under the ABN AMRO Verzekeringen brand, a joint venture with ABN AMRO Bank. In Belgium, individual and group life insurance is sold under the Delta Lloyd brand and distributed through independent advisors, a network of bank branches and tied agents. In addition, Delta Lloyd owns BeFrank. BeFrank is a modern online pension provider and committed to keep pensions as simple and as clear as possible.

7.4.2 General Insurance

Delta Lloyd offers general insurance products mainly for retail and corporate customers located in The Netherlands. These are distributed through various partners, including independent advisors, authorised agents, ABN AMRO bank branches and brokers. Delta Lloyd is also focussing more on online sales and online services and provides services for several niche markets such as pleasure craft, offshore wind parks, installations and production facilities, and the transportation of commodities.

7.4.3 Bank

Delta Lloyd's banking activities in The Netherlands focus primarily on mortgages and tax efficient savings. The mortgages are issued by Amstelhuys. The banking products are distributed through Delta Lloyd owned sales channels. Mid 2015, Delta Lloyd sold its Belgian banking business to Anbang. The distribution agreement between Delta Lloyd Life NV/SA and Delta Lloyd Bank Belgium was transferred to Anbang.

7.4.4 Asset Management

Delta Lloyd Asset Management is an independent asset manager that manages the assets of various business lines. It also offers a range of investment funds for institutional and retail customers and discretionary mandates for institutional customers. This segment offers specialised products within different asset classes such as Fixed Income, Equity and Real Estate as well as balanced solutions.

7.5 Strategy and objectives

Delta Lloyd believes in a 'closer to the customer' strategy, which aims to create value for customers by offering them convenient and sustainable solutions that help them manage uncertainty. It delivers tailored, customer-focused products and services through multiple distribution channels in the right way and at the right time.

In 2015, Delta Lloyd adopted a revised strategy that plays into long-term industry trends and the changing regulatory environment in which Delta Lloyd operates. 'Closer to the customer' focuses on customer satisfaction and retention, technology, efficiency and a capital light business model. It is designed to enable Delta Lloyd to grow in the core Dutch and Belgian markets, reduce costs and create value for all stakeholders, including shareholders. Delta Lloyd's objective is to deliver customer-focused, profitable and capital-generative new business, with a focus on insurance.

Overall, to achieve this objective, Delta Lloyd targets 'value over volume' – stable and healthy margins rather than volume growth, unless it is value accretive over time. Delta Lloyd is transitioning to a more fee-driven business model, such as the fees and commission generated from asset management activities and BeFrank. In addition, Delta Lloyd focuses on lower risk, less volatile products with a relatively higher Solvency II risk-adjusted return, which generate capital and cash. For example, in Life insurance, Delta Lloyd is shifting towards capital-light products such as defined contribution pension schemes, premium pension institutions (PPI) and general pension funds (APF) in The Netherlands and unit-linked and protection products in Belgium. The general insurance segment has a strong combined ratio that is consistently below the market average. These products generate capital and offer the Life business diversification benefits. In respect to banking, Delta Lloyd concentrates on bank annuities and mortgages with low loan-to-value and long fixed interest rate durations. Growth in assets under management will be important to support the future profitability.

7.6 Recent developments, outlook and aims

Delta Lloyd makes all price-sensitive information generally available in accordance with applicable laws. Publication of such price-sensitive information is also available in the public register on the website of the AFM. In relation to the Offer, Delta Lloyd together with NN Group has published the press releases included in Section 11 (*Press Releases*) of this Offer Memorandum. In addition, the website of Delta Lloyd provides an up to date overview of recent developments, such as trading updates and annual reports. These recent developments have been published on https://www.deltalloyd.com/en/newsroom/news/ and https://www.deltalloyd.com/en/investor-relations/. Further to Delta Lloyd's press release of 14 December 2016, Ms De Graaf resigned as member of the Delta Lloyd Executive Board effective 1 January 2017.

7.7 Delta Lloyd Supervisory Board

Rob Ruijter, chairman of the Delta Lloyd Supervisory Board, member of the Audit Committee, Risk Committee, Nomination Committee and Remuneration Committee. He was appointed as member of the Delta Lloyd Supervisory Board in 2014 and has been chairman since 1 October 2015. His current term expires in 2018. Mr Ruijter is an independent supervisory board member within the meaning of the Dutch Corporate Governance Code. He is the former Managing Director and Chief Financial Officer of KLM Royal Dutch Airlines, former Director of Finance of Philips Group and former CEO of VNU N.V. (the Nielsen Company). Besides being a member of the supervisory board, other positions currently held by Mr Ruijter include membership of the supervisory board of Wavin N.V. and membership of the supervisory board of Ziggo N.V. In addition, Mr Ruijter is a non-executive director of Immarsat plc and Interxion N.V.

Eric Fisher, vice-chairman of the Delta Lloyd Supervisory Board, member of the Audit Committee, Nomination Committee and Remuneration Committee. He was appointed in 2006 and his current term expires in 2018. Mr Fisher is an independent supervisory board member within the meaning of the Dutch Corporate Governance Code. He was appointed as vice-chairman in 2008. Mr Fisher is a supervisory board member who holds the trust of the Works Council. He is a Dean of the faculty of Social and Behavioural Sciences and Professor of the faculty of Economics and Business at the University of Amsterdam. Mr Fisher is a former chief executive officer of Comité Européen des Assurances, a former chief executive officer of the Dutch Association of Insurers and a former member of the international commission on Holocaust Era Insurance Claims.

André Bergen, member of the Delta Lloyd Supervisory Board since 2014, member of the Nomination Committee and Remuneration Committee. His current term expires in 2018. Mr Bergen is an independent supervisory board member within the meaning of the Dutch Corporate Governance Code. Mr Bergen is the former CEO of KBC Bank, the former CEO of the KBC Group in Belgium and a former member of the board of Fortis Bank. His current positions include supervisory board memberships of Cofinimmo NV and Sapient Investment Management.

Jan Haars, member of the Delta Lloyd Supervisory Board since 2006, chairman of the Audit Committee and member of the Risk Committee. His current term expires in 2018. Mr Haars is an independent supervisory board member within the meaning of the Dutch Corporate Governance Code. He is also a member of the supervisory board of AVG Technologies N.V., member of the supervisory board of Nuon N.V., chairman of the supervisory board of Rabobank Amsterdam and chairman of the Dutch National Ballet Fund. Mr Haars is a former member of the management board and chief financial officer of Corio N.V. and former member of the management board and chief financial officer of TNT N.V.

Clara Streit, member of the Delta Lloyd Supervisory Board since 2013 chairman of the Nomination Committee and Remuneration Committee. Her current term expires in 2017. Ms Streit is an independent supervisory board member within the meaning of the Dutch Corporate Governance Code. She is former partner of McKinsey & Company Inc. in Munich and Frankfurt. Besides being a member of the supervisory board, other positions currently held by Ms Streit include the membership of the board of directors of Vontobel Holding AG, Vontobel Bank AG and she is a member of the supervisory board of Vonovia SE. Ms Streit is a member of the board of directors of Jerónimo Martins SGPA and member of the board of directors, Unicredit S.p.A.

Fieke van der Lecq, member of the Delta Lloyd Supervisory Board since 2010, member of the Audit Committee and Risk Committee. Her current term expires in 2018. Ms Van der Lecq is an independent supervisory board member within the meaning of the Dutch Corporate Governance Code. Amongst others, Ms Van der Lecq is a Professor of Pension Markets at Vrije Universiteit Amsterdam. She is also a member of the supervisory board of Syntrus Achmea Real Estate & Finance. In addition, her positions include Crown member of Social Economic Council of The Netherlands ("SER"), chairman of the supervisory board for the Confectionery Industry pension fund and chairman of the supervisory board of the Robeco pension fund.

John Lister, member of the Delta Lloyd Supervisory Board since 2016, chairman of the Risk Committee and member of the Audit Committee. His current term expires in 2020. Mr Lister is an independent supervisory board member within the meaning of the Dutch Corporate

Governance Code. He is an actuary and was formerly a member of Aviva plc Group Executive and the CFO of Aviva UK Life. Prior to that he was the Aviva PLC Group Chief Risk Officer. In addition, his positions include being a board member of Phoenix Life, where he chairs the Risk Committee, and a lay member for the council of York University.

Paul Nijhof, member of the Delta Lloyd Supervisory Board since 2016, member of the Risk Committee, Nomination Committee and Remuneration Committee. His current term expires in 2020. Mr Nijhof is an independent supervisory board member within the meaning of the Dutch Corporate Governance Code. Mr Nijhof is a supervisory board member who holds the trust of the Works Council. He is the former CEO of RFS Holland Holding and Wehkamp. Besides being a member of the supervisory board, other positions currently held by Mr. Nijhof include the membership of the supervisory board of ReintenInfra and the chairman of interest group Thuiswinkel.org.

7.8 Delta Lloyd Executive Board

Hans van der Noordaa, appointed as Chairman of the Executive Board (CEO) in 2014 and started on 1 January 2015. He obtained a Master's degree in Public Administration from the Twente University of Technology, The Netherlands, in 1986. Previously, he was executive board member of ING Bank. He is the chairman of the supervisory board of Stadsherstel Amsterdam N.V. and board member of the Dutch Association of Insurers.

Clifford Abrahams, appointed as Chief Financial Officer ("CFO") on 16 March 2016, but already started his duties on 1 January 2016. He obtained a Master's degree in Economics from the University of Cambridge. Until 31 December 2015, he served as the CFO of Aviva Investors, a global asset manager, with assets under management in excess of EUR 350 billion. Before that, he served as CFO of Aviva UK & Ireland Life Insurance and as CFO of Aviva UK & Ireland General Insurance. Prior to joining Aviva, Mr. Abrahams spent 12 years at Morgan Stanley, where he became Managing Director in 2002. In 2005, he was appointed as Chief M&A Officer at Aviva. At that time, Aviva was the majority shareholder of the Company. Mr. Abrahams played an important role in the Company's initial public offering in 2009.

Annemarie Mijer, appointed as member of the Executive Board in 2015. She is the CRO of the Company. She graduated from the University of Amsterdam in Actuarial Mathematics. Her previous positions were Chief Risk Officer and Member Statutory Management Board Nationale Nederlanden Levensverzekering Maatschappij N.V., Chief Risk Officer Nationale Nederlanden Zakelijk and Chief Insurance Risk Officer ING Group, Insurance Risk Management - Division Intermediary.

Léon van Riet, appointed as member of the Executive Board in 2016. He has a Master's degree in Electrical Engineering from Delft University of Technology. His previous positions at the Company were Managing Director of Delta Lloyd Leven, CIO and Director of Group IT, CIO and Director of ICT of Delta Lloyd Insurance and Director of Programme management and E-business of Delta Lloyd Insurance.

7.9 Major shareholders

The table below sets out the holders of notifiable interest (*substantiële deelneming*), being a holding of at least 3% (three per cent) in the share capital of - or voting rights in - Delta Lloyd, according to the AFM register as at 30 January 2017.

The substantial holdings are presented as they were notified to the AFM at the relevant date. Therefore the notifications may contain out-dated information, such as the number of shares, due to past changes to the share capital of Delta Lloyd.

Shareholder	**Interest**	**Voting rights**	**Shares**	**Notification Date**
Norges Bank	3.73%	3.73%	17,600,864.00	30 November 2016
Old Mutual plc	4.93%	4.93%	22,961,743.00	10 October 2016
Dimensional Fund Advisors LP	3.27%	3.02%	15,256,222.00	22 September 2016
J.H.H. de Mol	5.02%	5.02%	11,982,063.00	24 February 2016
Fubon Financial Holding Co., Ltd.[1]	5.23%	5.23%	12,000,000.00	17 March 2015

Other notifications of investors such as gross and net short positions, can be found at the website of the AFM: www.afm.nl. In addition, the AFM register makes reference to the Foundation's interest in the share capital of and voting rights in Delta Lloyd. This is explained in Section 7.10 (*Foundation*).

7.10 Foundation

Delta Lloyd has entered into an agreement with Stichting Continuïteit Delta Lloyd (the ***Foundation***) dated 15 December 2009 (the ***Foundation Option Agreement***), pursuant to which the Foundation has been granted a call option to acquire from Delta Lloyd such number of preference shares B with a nominal value of EUR 0.20 each (the ***Protective Preference Shares***) as is equal to the total number of issued and outstanding shares minus one and minus any shares already issued to the Foundation (the ***Call Option***). With reference to Offer Condition 6.7.1(i), the Offer is conditional upon the Foundation not having exercised, in whole or in part, its Call Option and having agreed to terminate the Foundation Option Agreement.

7.11 Capital and Shares

7.11.1 Authorised share capital

At the date of this Offer Memorandum, the authorised share capital of Delta Lloyd amounts to three hundred seventy million nine hundred forty-six thousand forty-four euro (EUR 370,946,044), divided into (i) nine hundred twelve million three hundred sixty-five

[1] With respect to Fubon, Delta Lloyd understands that they have increased their stake in Delta Lloyd but are still below the 10% threshold.

thousand one hundred and ten (912,365,110) Shares, (ii) fifteen million (15,000,000) Preference Shares A and (iii) nine hundred twenty-seven million three hundred sixty-five thousand one hundred and ten (927,365,110) Protective Preference Shares.

7.11.2 Issued and outstanding share capital

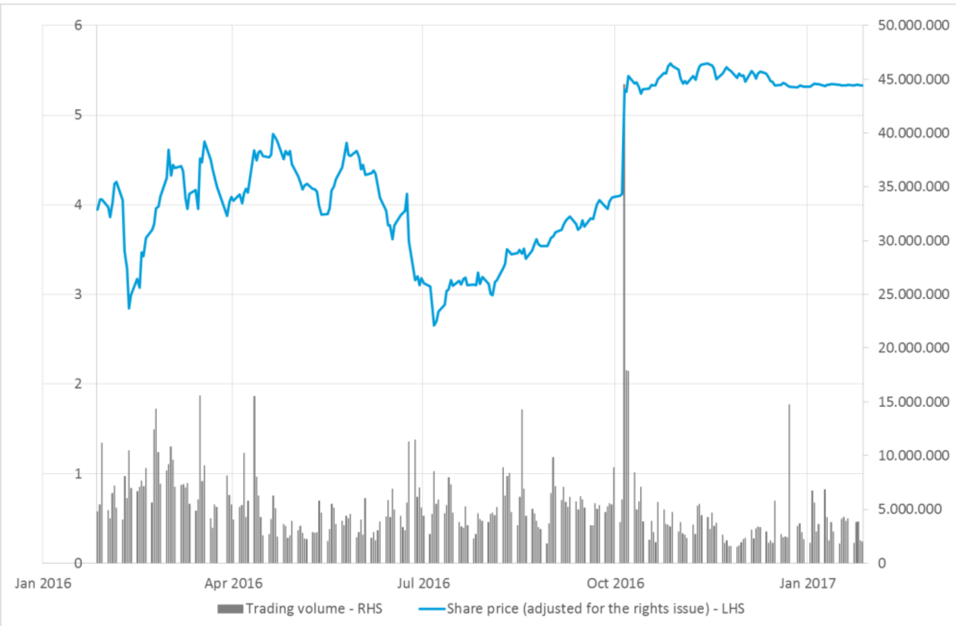
Delta Lloyd has issued 461,332,448 (four hundred sixty-one million, three hundred thirty-two thousand, four hundred forty-eight)ordinary shares at par value of EUR 0.20, of which 6,046,140 (six million, forty-six thousand, one hundred and forty) are held in treasury by Delta Lloyd. The 455,286,308 (four hundred fifty-five million, two hundred eighty-six thousand, three hundred eight) Shares are listed on the official market of the stock exchange of Euronext Amsterdam and Euronext Brussels.

In addition, Delta Lloyd has issued 10,021,495 (ten million, twenty-one thousand, four hundred and ninety-five) Preference Shares A with a nominal value of EUR 0.20, which are held by Fonds NutsOhra. Reference is made to Section 6.20 (*Preference Shares A*)

The Protective Preference Shares in the share capital of Delta Lloyd are currently not issued and outstanding. Reference is made to Section 7.10 (*Foundation*).

7.12 Share price development

This graph sets out the Share price development from 27 January 2016 to 27 January 2017.



7.13 Incentive Plans

7.13.1 Existing plans

Delta Lloyd has granted conditional performance shares (the ***Conditional Performance Shares***) to members of the Delta Lloyd Executive Board and other directors, managers and (senior) employees pursuant to three share-based and performance related incentive plans: (i) the equity settled variable incentive plan for identified staff, (ii) the cash-settled variable incentive plan for other managers (together the ***Incentive Plans***), and (iii) the cash-settled Delta Lloyd phantom option plan.

All rights in respect of the Incentive Plans and all individual commitments to Delta Lloyd's employees will be respected, subject to the provisions of Section 7.13.2 (*Settlement of Options*) below.

7.13.2 Settlement of Options

All Conditional Performance Shares, whether vested or unvested, outstanding under the respective Incentive Plans immediately prior to Settlement shall, on the Settlement Date, in full and final satisfaction of such Conditional Performance Shares, be cancelled and settled in cash by payment of an amount equal to the fair market value (as defined in the Incentive Plans) of a Conditional Performance Share on the last day before the Settlement Date.

Delta Lloyd /has in accordance with its past practice, on 1 January 2017 awarded Conditional Performance Shares under the Incentive Plans. At 1 January 2017, 894,531 Conditional Performance Shares were awarded under the Incentive Plans. The Conditional Performance Shares awarded on 1 January 2017 will be settled in accordance with the previous paragraph, provided, however, that in relation to the settlement of such Conditional Performance Shares a proration will be applied equal to the month of the year in which Settlement takes place divided by twelve (12).

The above described cash settlement of variable remuneration is subject to the competent Dutch supervisory authority approving such method of settlement. If such approval is not received, an alternative settlement method will be applied mirroring as much as possible the above described method of settlement.

8. INFORMATION ON THE OFFEROR

8.1 Information on the Offeror

8.1.1 Introduction

The Offeror is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its corporate seat at Amsterdam, The Netherlands, and its registered office address at Schenkkade 65, 2595 AS ‘s-Gravenhage. The offeror is registered with the Trade register of the Dutch Chamber of Commerce under number 67927971.

The Offeror is a direct wholly-owned subsidiary of NN Group. The sole shareholder of the Offeror is NN Group.

The Offeror has been incorporated to complete the purchase of the Shares.

Pursuant to article 1:1 of the Wft, each of NN Group and the Offeror qualify as an offeror in respect of this Offer.

8.1.2 Management structure of the Offeror

The management board of the Offeror consists of NN Group.

8.1.3 Capital and shares

The issued and outstanding share capital of the Offeror consists of 1,000 ordinary shares with a nominal value of EUR 1.00 (one euro).

8.2 Information on NN Group

8.2.1 Introduction, business description

NN Group is a public limited company (*naamloze vennootschap*), incorporated under the laws of The Netherlands, having its corporate seat at Amsterdam, The Netherlands and its registered office at Schenkkade 65, 2595 AG ‘s-Gravenhage, The Netherlands. NN Group is registered with the Trade Register of the Dutch Chamber of Commerce under number 52387534.

The roots of NN Group lie in The Netherlands, with a history that stretches back for more than 170 years. Today, NN Group is an insurance and asset management company with a leading position in The Netherlands and a strong presence in a number of European countries and Japan. NN Group creates value for its customers by delivering products and services that are easy to understand and meet customers’ lifetime needs. Products and services are built in a standardised, modular way, with flexible features tailored to the needs of individual customers. NN Group reviews its product range regularly to ensure that all products and services meet their customer, compliance, risk, capital and profitability requirements. Worldwide, NN Group has a workforce of approximately 11,500 employees as of 31 December 2016, providing services in more than 18 countries.

8.2.2 Governance

(a) General

The governing bodies of NN Group comprise of a statutory NN Group Executive Board (*Raad van Bestuur*), a NN Group Management Board and a NN Group Supervisory Board (*Raad van Commissarissen*). The NN Group Executive Board is entrusted with the management, the strategy and the operations of NN Group under the supervision of the NN Group Supervisory Board.

The NN Group Management Board is entrusted with the day-to-day management of NN Group and the overall strategic direction of NN Group. In performing its duties, the NN Group Management Board must carefully consider and act in accordance with the interests of NN Group and its associated business, taking into consideration the interests of all the stakeholders of NN Group.

The authority to manage NN Group is vested in the NN Group Executive Board as a whole, notwithstanding that each of the members of the NN Group Management Board is responsible and accountable towards the NN Group Executive Board and within the NN Group Management Board for the specific tasks as assigned. The NN Group Management Board, through the NN Group Executive Board, is required to keep the NN Group Supervisory Board informed on important matters. The members of the NN Group Management Board will be requested to attend NN Group Supervisory Board meetings, unless the NN Group Supervisory Board indicates otherwise.

(b) NN Group Supervisory Board

Jan Holsboer, chair of the NN Group Supervisory Board since July 2014. He also is a member of the nomination and corporate governance committee, the remuneration committee and the audit committee of the NN Group Supervisory Board. In June 2016, Mr Holsboer was reappointed as member and chair of the NN Group Supervisory Board. Mr Holsboer also serves as chair of the supervisory board of TD Bank N.V., non-executive director of YAFA S.p.A. (Italy) and member of the supervisory board of YAM Invest N.V.

Dick Harryvan, vice-chair of the NN Group Supervisory Board since 2016. He is also member of the audit committee, the remuneration committee and the nomination and corporate governance committee of the NN Group Supervisory Board. Mr Harryvan also serves as partner at Orange Growth Capital and member of the supervisory board of ANWB B.V.

Yvonne van Rooij, member of the NN Group Supervisory Board since 2014. She also chairs the remuneration committee and is member of the nomination and corporate governance committee of the NN Group Supervisory Board. In June 2016, Ms Van Rooij was reappointed as member of the NN Group Supervisory Board. Ms Van Rooij also serves as chair of the Nederlandse Vereniging van Ziekenhuizen, member of the supervisory board of Holding PricewaterhouseCoopers Nederland B.V. and chair of the supervisory board of Philips Electronics Nederland B.V.

Hélène Vletter-van Dort, member of the NN Group Supervisory Board since 2015. She is also chair of the nomination and corporate governance committee and member of the risk committee of the NN Group Supervisory Board. Ms Vletter-van Dort also serves as chair of the supervisory board of Intertrust B.V., as member of the Monitoring Committee Corporate Governance Code. In addition, she is professor of Financial Law & Governance at the Erasmus School of Law.

Heijo Hauser, member of the NN Group Supervisory Board since 2014. He is also chair of the risk committee and member of the audit committee of the NN Group Supervisory Board.

Hans Schoen, member of the NN Group Supervisory Board since 2014. He is also chair of the audit committee and member of the risk committee of the NN Group Supervisory Board.

Robert Jenkins, member of the NN Group Supervisory Board since 2016. He is also member of the risk committee and member of the remuneration committee of the NN Group Supervisory Board. Mr Jenkins also is senior fellow at Better Markets and a member of the board of governors of the CFA Institute. In addition, he is adjunct professor of Finance at the London Business School.

8.2.3 NN Group Executive Board

As of 7 July 2014, the NN Group Executive Board comprises of Lard Friese, chair and Chief Executive Officer, and Delfin Rueda, vice-chair and Chief Financial Officer. Both Lard Friese and Delfin Rueda are also members of the NN Group Management Board.

8.2.4 NN Group Management Board

Lard Friese, Chief Executive Officer. Mr Friese was appointed as member and vice-chair of the NN Group Executive Board on 1 March 2014 and as Chief Executive Officer (CEO) and chair of the NN Group Management Board and NN Group NN Group Executive Board on 7 July 2014. Mr Friese is responsible for the strategy, performance and day-to-day operations of NN Group. He has been employed by ING/NN Group since 2008 and brings 26 years' experience in the financial services industry, most recently with NN Insurance Eurasia and Nationale Nederlanden.

Delfin Rueda, Chief Financial Officer. Mr Rueda was appointed to the NN Group Executive Board as Chief Financial Officer on 1 March 2014 and as member of the Management Board on 7 July 2014. Mr Rueda is responsible for NN Group's finance departments and investor relations. He brings 22 years of experience in the financial services industry. Prior to joining ING in 2012, he was Chief Financial and Risk Officer and member of the management board at Atradius. He also held leadership positions at J.P. Morgan, UBS and Andersen Consulting.

David Knibbe, Chief Executive Officer Netherlands Insurance. Mr Knibbe was appointed to the NN Group Management Board on 7 July 2014. From 1 September 2014, he was appointed Chief Executive Officer of Netherlands Insurance. In this role, Mr Knibbe is responsible for NN Group's insurance and banking business in The Netherlands. He is also responsible for IT globally. He brings 18 years' experience in the financial services industry and is chair of the Dutch Association of Insurers.

Dorothee van Vredenburch, Ms Van Vredenburch was appointed to the NN Group Management Board as Chief Change and Organisation (CCO) on 7 July 2014. Ms Van

Vredenburch is responsible for NN Group's human resources, communications and sustainability. She joined ING/ NN Group in 2009 as managing director of Corporate Communications and Affairs of ING Group. She brings 26 years' experience in the financial services industry starting as an investment banker, and held leadership positions at amongst others Citigate First Financial.

Jan-Hendrik Erasmus, Mr Erasmus was appointed to the NN Group Management Board as Chief Risk Officer as of 1 September 2016. Before joining NN Group, he was partner at Oliver Wyman's Financial Services business, head of the UK Insurance Practice and a member of the European Leadership Team. Mr Erasmus joined Oliver Wyman in 2009. His consulting work has predominantly focused on risk, capital and asset-liability management for UK and European insurers. He has more than 14 years financial services experience across insurance, risk and investment management in the UK and internationally.

Robin Spencer, Chief Executive Officer International Insurance. Mr Spencer was appointed to the NN Group Management Board on 1 August 2014 and as Chief Executive Officer International Insurance on 1 September 2014. He is responsible for NN's Insurance Europe, Japan Life, Japan Closed Block VA and NN Re businesses. Mr Spencer was previously chief executive officer of Aviva UK & Ireland General Insurance. He has over 19 years' experience in the insurance industry across life, non-life and asset management in the UK and internationally.

Stan Beckers, Chief Executive Officer NN Investment Partners. Mr Beckers was appointed to the NN Group Management Board as Chief Executive Officer NN Investment Partners on 7 July 2014. Mr Beckers is responsible for NN's asset management business. Over the past 25 years, he also has been a member of the Investment Committees at several pension funds and of the supervisory board at KAS Bank, Robeco, Econowealth and St Lawrence Trading Inc. Mr Beckers is also a visiting professor at KU Leuven.

8.2.5 Main shareholders of NN Group

The table below sets out the holders of notifiable interest (*substantiële deelneming*), being a holding of at least 3% (three per cent) in the share capital of or voting rights in NN Group, according to the AFM register as at 30 January 2017.

The substantial holdings are presented as they were notified to the AFM at the relevant date. Therefore the notifications may contain out-dated information, such as the number of shares, due to past changes to the share capital of NN Group:

Shareholder	Interest	Voting Rights	Shares	Notification Date
RRJ Capital II Ltd.[1]	10.13%	10.13%	33,597,382.00	30 June 2016
Temasek Holdings (Private) Limited	4.27%	4.27%	14,241,992.00	2 Feb 2016
Franklin Mutual Series Fund Inc.	3.87%	3.87%	13,670,005.00	27 May 2015
BlackRock, Inc.	5.15%	6.15%	17,257,370.00	28 Oct 2016

1 As indicated on its website, NN Group understands that RRJ Capital has slightly increased its stake.

Norges Bank	3.22%	3.22%	10,747,062.00	27 June 2016

Other notifications of investors such as gross and net short positions, can be found at the website of the AFM: www.afm.nl.

9. FURTHER DECLARATIONS REQUIRED BY THE DECREE

In addition to the other statements set out in this Offer Memorandum, the Offeror and NN Group with regard to subjects (ii), (iii), (v), (vii) and (ix), Delta Lloyd and the Delta Lloyd Boards with regard to subject (vi) and (viii) and the Offeror, NN Group, the NN Group Boards and the Delta Lloyd Boards jointly with regard to subjects (i) and (iv) hereby declare as follows:

(i) There have been consultations between NN Group and Delta Lloyd regarding the Offer, which have resulted in (conditional) agreement regarding the Offer as publicly announced on 23 December 2016. Discussions regarding the Offer, including, but not limited to, the Offer Price, the financing of the Offer, the Offer Conditions and the future strategy of the Combined Group, took place between NN Group and the Delta Lloyd Boards and their respective advisors.

(ii) With due observance of and without prejudice to the restrictions referred to in Section 2 (*Restrictions*) and Section 3 (*Important Information*), the Offer concerns all Shares and applies on an equal basis to all Shares and Shareholders.

(iii) With reference to Annex A, paragraph 2, sub-paragraph 5, 6 and 7 of the Decree, the Offeror, whether directly or indirectly (but, for the avoidance of doubt, excluding NN Investment Partners), has acquired the following Shares in the year preceding the date of this Offer Memorandum, together representing approximately 2.6% of the aggregate number of issued and outstanding shares in the capital of Delta Lloyd:

Trade date	**Settlement date**	**Number of Shares**	**Price per Share (€)**	**Total purchase amount (€)**
1-Sep-16	5-Sep-16	1,400,000	3.7263	5,216,820.00
2-Sep-16	6-Sep-16	1,474,607	3.6769	5,421,982.48
5-Sep-16	7-Sep-16	1,500,000	3.7297	5,594,550.00
6-Sep-16	8-Sep-16	1,200,000	3.8130	4,575,600.00
7-Sep-16	9-Sep-16	590,000	3.8099	2,247,841.00
8-Sep-16	12-Sep-16	575,000	3.8157	2,194,027.50
9-Sep-16	13-Sep-16	550,000	3.8800	2,134,000.00
12-Sep-16	14-Sep-16	797,762	3.7657	3,004,132.36
13-Sep-16	15-Sep-16	1,000,000	3.7689	3,768,900.00
14-Sep-16	16-Sep-16	1,000,000	3.7628	3,762,800.00
15-Sep-16	19-Sep-16	1,000,000	3.8102	3,810,200.00
16-Sep-16	20-Sep-16	567,732	3.7813	2,146,765.01
Total/Average		11,655,101	3.7647	43,877,618.35

(iv) No securities in Delta Lloyd are held, no transactions or agreements in respect of securities in Delta Lloyd have been effected or have been concluded and no similar transactions have been effected in respect of securities in Delta Lloyd, by the Offeror, NN Group or any Affiliated of the Offeror, or any member of the board of directors of the Offeror, any member of the NN Group Boards, or any member of the Delta Lloyd Boards, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), minor children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, sub-paragraph 5, 6 and 7 of the Decree, other than the following concluded agreements and arrangements in connection with the Offer (i) the irrevocable undertakings as described in Section 6.10 (*Irrevocable Undertakings*), (ii) in respect of the Shares held by members of the Delta Lloyd Boards as described in Section 6.8 (*Shareholdings of the members of the Delta Lloyd Boards*), (iii) the respective cross-shareholdings between the Offeror and Delta Lloyd as described in Section 6.9 (*Respective cross-shareholdings Offeror - Delta Lloyd*) and Section 9(iii) and (iv) in respect of employees of Delta Lloyd as described in Section 7.13 (*Incentive Plans*).

(v) The costs incurred or to be incurred by the Offeror and NN Group in relation to the Offer are expected to amount to approximately EUR 25 million and comprise finance arrangement fees, bank advisor fees, listing and Settlement Agent fees, broker commissions, legal fees, financial and tax due diligence fees, public relations and communications advice and printing. These costs will be borne by the Offeror.

(vi) The costs of Delta Lloyd's fees of legal advisors, financial advisors, accountants and communications advisors incurred and expected to be incurred in relation to the Offer amount to approximately EUR 20 million. These costs will be borne by Delta Lloyd.

(vii) No remunerations will be paid to NN Group or the Offeror's directors and executive officers in connection with the Offer being declared unconditional (*gestanddoening*).

(viii) Other than as described in Sections 6.16.3 (*Severance packages of members of the Delta Lloyd Boards*) and Section 7.13 (*Incentive Plans*), no remunerations will be paid to members of the Delta Lloyd Boards in connection with the Offer being declared unconditional (*gestanddoening*).

10. TAX ASPECTS OF THE OFFER

10.1 The Netherlands

10.1.1 General

The following summary outlines certain Netherlands tax consequences in connection with the acceptance of the Offer. All references in this summary to The Netherlands and Dutch law are to the European part of the Kingdom of The Netherlands and its law, respectively, only. The summary does not purport to present any comprehensive or complete picture of all Netherlands tax aspects that could be of relevance to a holder of Shares who may be subject to special tax treatment under any applicable law. The summary is based on the tax laws and practice of The Netherlands as in effect on the date of this Offer Memorandum, which are subject to changes that could prospectively or retrospectively affect the Netherlands tax consequences.

For purposes of Netherlands income and corporate income tax, Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement, may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the ***Settlor***) or, upon the death of the Settlor, his/her beneficiaries (the ***Beneficiaries***) in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement (the ***Separated Private Assets***).

This summary does not address the Netherlands tax consequences of the Offer for a Shareholder who is an individual and who has a "substantial interest" ("*aanmerkelijk belang"*) in Delta Lloyd. Generally, a Shareholder will have a substantial interest in Delta Lloyd if such Shareholder, whether alone or together with his spouse or partner and/or certain other close relatives, holds, directly or indirectly or as Settlor or Beneficiary of Separated Private Assets (i) (x) the ownership of, (y) certain other rights, such as usufruct, over, or (z) rights to acquire (whether or not already issued), Shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of Shares) of Delta Lloyd.

In addition, a Shareholder has a substantial interest in Delta Lloyd if he, whether alone or together with his spouse or partner and/or certain other close relatives, has the ownership of, or other rights over, shares in, or profit certificates issued by, Delta Lloyd that represent less than 5% of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares, profit certificates and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

This summary does not address the tax consequences of any Shareholder who:

(a) has acquired or holds the Shares in connection with his or her employment activities or in his/her capacity as (former) Delta Lloyd Executive Board member and/or (former) Delta Lloyd Supervisory Board member; or

(b) is a resident of any non-European part of the Kingdom of the Netherlands.

Holders of Shares considering the Offer should consult their own professional advisor regarding the tax consequences of the Offer in their particular circumstances.

10.1.2 Withholding taxes

The Offer Price paid for the Shares will not be subject to any withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

10.1.3 Netherlands taxes on income and capital gains in connection with the acceptance of the Offer

(a) Holders of Shares resident in The Netherlands: individuals

A holder of Shares, who is an individual, resident or deemed to be resident in The Netherlands will be subject to regular Netherlands income tax on any capital gain realised upon the transfer of the Shares if:

(i) such holder of Shares has an enterprise or an interest in an enterprise, to which enterprise the Shares are attributable; and/or

(ii) such capital gain forms "a benefit from miscellaneous activities" ("*resultaat uit overige werkzaamheden*") which, for instance, would be the case if the activities with respect to the Shares exceed "normal active asset management" ("*normaal, actief vermogensbeheer*") or if such capital gain is derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a *lucratief belang*) that the holder thereof has acquired under such circumstances that such capital gain is intended to be remuneration for work or services performed by such holder (or a related person), whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the above-mentioned conditions (i) or (ii) applies, any capital gain realised upon the transfer of the Shares will in general be subject to Netherlands income tax at the progressive rates.

If the above-mentioned conditions (i) and (ii) do not apply, a holder of Shares who is an individual, resident or deemed to be resident in The Netherlands will not be subject to taxes on a capital gain in The Netherlands. Instead, such individual is generally taxed at a flat rate of 30% on deemed income from "savings and investments" ("*sparen en beleggen"*), which deemed income is determined on the basis of the amount included in the individual's "yield basis" ("*rendementsgrondslag"*) at the beginning of the calendar year (minus a tax-free threshold). For the 2017 tax year, the deemed income derived from savings and investments will amount to 2.87% of the individual's yield basis up to EUR 75,000 (seventy five thousand Euro), 4.6% of the individual's yield basis exceeding EUR 75,000 (seventy five thousand Euro) up to and including EUR 975,000 (nine hundred and seventy five thousand Euro) and 5.39% of the individual's yield basis in excess of EUR 975,000 (nine hundred and seventy five thousand Euro). The percentages to determine the deemed income will be reassessed every year.

(b) Holders of Shares resident in The Netherlands: corporate entities

A holder of Shares that is resident or deemed to be resident in The Netherlands for corporate income tax purposes, and that is:

- a corporation;
- another entity with a capital divided into shares;
- a cooperative (association); or
- another legal entity that has an enterprise or an interest in an enterprise to which the Shares are attributable,

but which is not:

- a qualifying pension fund;
- a qualifying investment fund (*fiscale beleggingsinstelling*) or a qualifying exempt investment institution (*vrijgestelde beleggingsinstelling*); or
- another entity exempt from corporate income tax,

will in general be subject to regular corporate income tax, generally levied at a rate of 25% (20% over profits up to EUR 200,000 (two hundred thousand Euro)) over any capital gain realised upon the transfer of the Shares, unless, and to the extent that, the participation exemption (*deelnemingsvrijstelling*) applies.

(c) Holders of Shares resident outside The Netherlands: individuals

A holder of Shares who is an individual, not resident or deemed to be resident in The Netherlands will not be subject to any Netherlands taxes on any capital gain realised upon the transfer of the Shares, unless:

(i) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable; or

(ii) such capital gain forms a "benefit from miscellaneous activities in The Netherlands" ("*resultaat uit overige werkzaamheden in Nederland*") which would for instance be the case if the activities in The Netherlands with respect to the Shares exceed "normal active asset management" ("*normaal, actief vermogensbeheer*" or if such capital gain is derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a "lucrative interest" ("*lucratief belang"*)) that the holder thereof has acquired under such circumstances that such capital gain is intended to be remuneration for work or services performed by such holder (or a related person), in whole or in part, in The Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the above-mentioned conditions (i) or (ii) applies, any capital gain realised upon the transfer of the Shares will in general be subject to Netherlands income tax at the progressive rates.

(d) Holders of Shares resident outside The Netherlands: legal and other entities

A holder of Shares that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in The Netherlands, will not be subject to any Netherlands taxes on the capital gain realised upon the transfer of the Shares, unless:

(i) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment ("*vaste inrichting*") or a permanent representative ("*vaste vertegenwoordiger*") in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable; or

(ii) such holder has a substantial interest in Delta Lloyd, that (i) is held with the avoidance of Netherlands income tax or dividend withholding tax as (one of) the main purpose(s) and (ii) forms part of an artificial structure or series of structures (such as structures which are not put into place for valid business reasons reflecting economic reality).

If one of the above-mentioned conditions applies, such holder of Shares will in general be subject to regular corporate income tax, generally levied at a rate of 25% (20% over profits up to EUR 200,000 (two hundred thousand Euro)) over any capital gain realised upon the transfer of the Shares, (x) unless, and to the extent that, with respect to a holder as described under (i), the participation exemption (*deelnemingsvrijstelling*) applies and (y) except that a holder as described under (ii) will generally be subject to an effective corporate income tax rate of 15% (for profits in excess of EUR 200,000 (two hundred thousand Euro)) if it holds the substantial interest in Delta Lloyd with the avoidance of Netherlands dividend withholding tax (but not Netherlands income tax) as (one of) the main purpose(s).

(e) Gift and inheritance taxes

No Netherlands gift or inheritance tax will arise in connection with the acceptance of the Offer.

(f) Value added tax

No Netherlands value added tax will arise in respect of or in connection with the acceptance of the Offer.

(g) Other taxes and duties

No Netherlands registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in The Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of The Netherlands) of any documents related to the Offer.

10.2 Belgium

The following is a summary of the principal Belgian federal tax consequences for investors relating to the acceptance of the Offer. The summary does not purport to present any comprehensive or complete picture of all Belgian tax aspects that could be of relevance to a holder of Shares who may be subject to special tax treatment under any applicable law. This summary is based on the Offeror's understanding of the applicable laws, treaties and regulatory interpretations as in effect in Belgium on the date of this Offer Memorandum, all of which are subject to change, including changes that could have a retroactive effect.

It should be appreciated that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

In this respect, please note that, on 16 October 2016, the Belgian Government has announced its intention to introduce a fundamental reform of the corporate income tax regime in Belgium. However, the timing of this reform currently remains unclear.

This summary does not purport to address all tax consequences associated with the disposal of the Shares, and does not take into account the specific circumstances of any particular investor or the tax laws of any country other than Belgium. In particular, this summary deals only with investors who hold the Shares as capital assets and does not address the tax treatment of investors who are subject to special rules, such as financial institutions, insurance companies, collective investment undertakings, dealers in securities or currencies or persons who hold the Shares as a position in a straddle, share-repurchase transactions, conversion transactions, a synthetic security or other integrated financial transaction. This summary does not address the local taxes that may be due in connection with an investment in the Shares, other than the additional local taxes which generally vary from 0% to 10% of the investor's income tax liability in Belgium.

Investors should consult their own advisers regarding the tax consequences of an investment in the Shares in light of their particular situation, including the effect of any state, local or other national laws, treaties and regulatory interpretations thereof.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (that is, a corporate entity that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium), an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

10.2.1 Withholding taxes

The Offer Price paid for the Shares will not be subject to any withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by Belgium or any political subdivision or taxing authority thereof or therein.

10.2.2 Belgian taxes on capital gains in connection with the acceptance of the Offer

(a) Holders of Shares: Belgian resident individuals

Capital gains realised on the Shares by Belgian resident individuals holding the Shares as a private investment should, in principle, not be subject to Belgian capital gains tax on the disposal of the Shares; capital losses are not tax deductible.

However, capital gains realised by a private individual are taxable at 33% (plus local surcharges) if the capital gains are deemed to be speculative or realised outside the scope of the normal management of the individual’s private estate. Capital losses are, however, not tax deductible in such event.

Capital gains realised by Belgian resident individuals on the disposal of the Shares to a non-resident company (or body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside the European Economic Area, are in principle taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned, directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Company (i.e., a shareholding of more than 25% in the Company).

Belgian resident individuals who hold Shares for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realised upon the disposal of the Shares, except for Shares held for more than five years, which are taxable at a flat rate of 16.5% (plus local surcharges). Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are in principle tax deductible.

(b) Holders of Shares: Belgian resident corporate entities

Belgian resident companies (other than small companies within the meaning of article 15 of the Code (SMEs)) are subject to Belgian capital gains taxation at a flat rate of 0.412% on gains realised upon the disposal of Shares provided that: (i) conditions relating to the taxation of the Company and its income, as described in Article 203 of the Belgian Income Tax Code (the Article 203 ITC Taxation Condition) are met, and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year. The 0.412% flat capital gains tax rate cannot be off-set by any tax assets (such as tax losses) or tax credits.

Belgian resident companies qualifying as SMEs are normally not subject to Belgian capital gains taxation on gains realised upon the disposal of the Shares provided that (i) the Article 203 ITC Taxation Condition is satisfied and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year immediately preceding the disposal.

If the one-year minimum holding condition would not be satisfied (but the Article 203 ITC Taxation Condition is) the capital gains realised upon the disposal of Shares by a Belgian resident company (non-SME or SME) are taxable at a flat corporate income tax rate of 25.75%. One can note that this 25.75% capital gain tax can be off-set by tax assets, such tax losses or carried-forward tax losses.

Capital losses on Shares incurred by resident companies (both non-SMEs and SMEs) are as a general rule not tax deductible.

Shares held in the trading portfolio (*portefeuille commercial / handelsportefeuille*) of qualifying credit institutions, investment firms and management companies of collective investment undertakings which are subject to the Royal Decree of 23 September 1992 on the annual accounts of credit institutions, investment firms and management companies of collective investment undertakings (*comptes annuels des établissements de crédit, des entreprises d'investissement et des sociétés de gestion d'organismes de placement / jaarrekening van de kredietinstellingen, de beleggingsondernemingen en de beheervennootschappen van instellingen voor collectieve belegging*) are subject to a different regime. The capital gains on such shares are taxable at the ordinary corporate income tax rate of 33.99% and the capital losses on such shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realisation.

(c) Holders of Shares: Belgian organisations for financing pensions (or OFPs)

OFPs within the meaning of article 8 of the Belgian Law of 27 October 2006 are, in principle, not subject to Belgian capital gains taxation realised upon the disposal of the Shares, and capital losses are not tax deductible.

(d) Holders of Shares: Belgian other taxable legal entities

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of Shares.

Capital gains realised upon disposal of (part of) a substantial participation in a Belgian company (i.e., a participation representing more than 25% of the share capital of the Company at any time during the last five years prior to the disposal) may, however, under certain circumstances be subject to income tax in Belgium at a rate of 16.5%.

Capital losses on Shares incurred by Belgian resident legal entities are not tax deductible.

(e) Holders of Shares: Belgian non-resident individuals and companies

Non-resident individuals or companies are, in principle, not subject to Belgian income tax on capital gains realised upon disposal of the Shares, unless the Shares are held as part of a business conducted in Belgium through a Belgian establishment. In such a case, the same principles apply as described with regard to Belgian individuals (holding the Shares for professional purposes) or Belgian companies.

Non-resident individuals who do not use the Shares for professional purposes and who have their fiscal residence in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax capital gains on the Shares to Belgium, might be subject to tax in Belgium if the capital gains arise from transactions which are deemed to be speculative or beyond the normal management of one's private estate and the capital gain is obtained or received in Belgium (in such case, the gain is subject to a final professional withholding tax of 30.28% to the extent that Articles 90,1° and 248 BITC are applicable) or in case of disposal of a substantial participation in a Belgian company as mentioned in the tax treatment of the disposal of the Shares by Belgian individuals. Such non-resident individuals might therefore be obliged to file a tax return and should consult their own tax adviser.

(f) Gift and inheritance taxes

No Belgian gift or inheritance tax will arise in connection with the acceptance of the Offer.

(g) Value added tax

No Belgian value added tax will arise in respect of or in connection with the acceptance of the Offer.

(h) Other taxes and duties

The purchase and the sale as well as any other acquisition or transfer for consideration of shares (secondary market) is subject to the tax on stock exchange transactions (*taxe sur les opérations de bourse / taks op de beursverrichtingen*) if (i) carried out in Belgium through a professional intermediary, or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence ("*résidence habituelle*"/"*gewone verblijfplaats*") in Belgium, or legal entities for the account of their seat or establishment in Belgium.

The tax on stock exchange transactions is due at the rate of 0.27% of the purchase price, capped at EUR 1,600 per transaction and per party, as provided for under Articles 120 to 137 of the Code on Miscellaneous Duties and Taxes dated 2 March 1927 and its subsequent amendments.

A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. However, if the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium could be responsible for collecting the tax on stock exchange transactions if they appointed a Belgian representative for tax purposes, subject to certain conditions and formalities.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9° and 10° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services; (ii) insurance companies described in Article 2, §1 of the Belgian Law of 9 July 1975 on the supervision of insurance companies; (iii) pension institutions referred to in Article 2, 1° of the Belgian Law of 27 October 2006 concerning the supervision of pension institutions; (iv) collective investment institutions; (v) regulated real estate companies and (vi) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

On 14 February 2013 the EU Commission adopted the Draft Directive on a Financial Transaction Tax (the FTT and the FTT Draft Directive). The FTT Draft Directive currently stipulates that once the FTT enters into effect, the Participating Member States shall not maintain or introduce any taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the Tax on Stock Exchange Transactions should thus be abolished once the FTT enters into effect. The FTT Draft Directive is still subject to negotiation between the Participating Member States and may, therefore, be further amended at any time.

10.3 The United States

The following discussion is a general summary based on present law of certain U.S. federal income tax consequences of the sale of Shares pursuant to the Offer. The discussion is not a complete description of all tax considerations that may be relevant. It applies only to U.S. Holders (as defined below) that hold Shares as capital assets and use the U.S. dollar as their functional currency. The discussion is a general summary; it is not a substitute for tax advice. It does not consider the circumstances of holders subject to special rules, such as banks or other financial institutions, insurance companies, tax exempt entities, dealers, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, U.S. expatriates, persons that directly, indirectly or constructively own 10% or more of Delta Lloyd’s equity interests, investors that hold Shares in connection with a permanent establishment or fixed base outside the United States, or investors that hold Shares as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction. This summary also does not address U.S. federal taxes other than the income tax (such as estate or gift taxes), alternative minimum tax considerations, U.S. state and local, or non-U.S. tax laws or matters.

As used herein, a “U.S. Holder” means a beneficial owner of Shares that is for U.S. federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation created or organised under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court and (iv) an estate the income of which is subject to U.S. federal income tax without regard to its source.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Shares, the U.S. federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. U.S. Holders that are partnerships should consult their own tax advisors concerning the U.S. federal income tax consequences to their partners of the sale of Shares pursuant to the Offer.

10.3.1 Tax Consequences of the Offer

The exchange of Shares for cash pursuant to the Offer will be a taxable transaction for U.S. federal income tax purposes. In general, and subject to the passive foreign investment company (***PFIC***) rules discussed below, a U.S. Holder who receives cash in exchange for Shares pursuant to the Offer will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the cash received and the U.S. Holder's tax basis, determined in U.S. dollars, in the Shares. Such capital gain will generally be long term capital gain, on which a non-corporate U.S. Holder is generally taxed at preferential rates, if the Shares were held for more than one year. A U.S. Holder that has different bases or holding periods in respect of its Shares, must determine the gain or loss and whether such gain or loss is long term or short term separately for each identifiable block (that is, Shares acquired at the same time for the same price). The deductibility of capital losses is subject to limitations. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

A U.S. Holder that receives Euros on the sale of Shares pursuant to the Offer generally will realise an amount equal to the U.S. dollar value of the Euros received at the spot rate on the date the sale becomes effective (or, in the case of cash basis and electing accrual basis U.S. Holders, the settlement date). An accrual basis U.S. Holder that does not elect to determine the amount realised using the spot rate on the settlement date generally will recognise foreign currency gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates on the date the sale becomes effective and the settlement date. A U.S. Holder will have a tax basis in the Euros received equal to their U.S. dollar value on the settlement date. Any gain or loss on a subsequent disposition or conversion of the Euros will generally be U.S. source ordinary income or loss.

Certain non-corporate U.S. Holders whose income exceeds certain thresholds generally will be subject to a 3.8 per cent. tax on their "net investment income" up to the amount of such excess. Gain or loss recognised on the exchange of Shares for cash pursuant to the Offer will be includable in a U.S. Holder's net investment income for purposes of this tax. Non-corporate U.S. Holders should consult their own tax advisors regarding the possible effect of such tax on their exchange of Shares for cash pursuant to the Offer.

10.3.2 PFIC Rules

If Delta Lloyd has been a PFIC in any taxable year in a which U.S. Holder held any Shares, then Delta Lloyd generally would have continued to be a PFIC as to such U.S. Holder in all succeeding years, regardless of whether it continued to meet the test to be classified as a PFIC (as described below). In that case, unless the U.S. Holder made a proper election to be taxed differently, gain realised on the exchange of Shares for cash pursuant to the Offer would be allocated ratably to each taxable year in such U.S. Holder's holding period for such Shares during which Delta Lloyd was a PFIC as to such U.S. Holder, the amount allocated to each such year would be subject to tax at the highest ordinary income tax rate for each such taxable year, and the U.S. Holder would be liable for an additional tax equal to an interest charge on the tax liability for each such prior years as if such liability had actually been due in each such prior year.

In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least 75 per cent. of its gross income is classified as "passive income" or at least 50 per cent. of its assets (determined on the basis of quarterly average value), produce, or are held for the production of, passive income. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it directly or indirectly holds 25 per cent. or more (by value) of the stock. Passive income generally includes dividends, interest, rents, royalties and certain gains. However, exceptions exist for certain income earned in the active conduct of an insurance or banking business by an insurance company or bank which meets certain conditions. Although Delta Lloyd has not undertaken to determine its PFIC status with respect to each of its taxable years prior to the Offer, Delta Lloyd stated (i) in its Ordinary Share Offering Prospectus dated October 19, 2009 that it did not believe it was a PFIC for the year ending on December 31, 2008 and that it did not expect to become a PFIC in the year ending December 31, 2009 or for any future taxable year and (ii) in its Rights Offering Prospectus dated March 23, 2016 that it that it did not expect to be treated as a PFIC for U.S. federal income tax purposes in its taxable year ending December 31, 2016 or in the foreseeable future. However, the determination of whether Delta Lloyd was a PFIC for any tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. U.S. Holders are urged to consult their own tax advisors as to the possible PFIC status of Delta Lloyd and the consequences to them in their particular circumstances.

10.3.3 Information Reporting and Backup Withholding

Proceeds from the exchange of Shares for cash pursuant to the Offer may be reported to the U.S. Internal Revenue Service (the ***IRS***) unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to reportable payments unless the holder makes the required certification, including, in the case of a U.S. Holder, providing its taxpayer identification number or otherwise establishes a basis for exemption. Any amount withheld may be credited against a holder’s U.S. federal income tax liability or refunded to the extent it exceeds the holder’s liability, provided the required information is timely furnished to the IRS.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR U.S. HOLDER. EACH U.S. HOLDER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF THE OFFER.

11. PRESS RELEASES

11.1 Press release NN Group dated 5 October 2016

NN

corporate relations

Press release

5 October 2016

This is a press release by NN Group N.V. ("NN Group"), pursuant to the provisions of Section 5 Paragraph 2 of the Decree on Public Takeover Bids (Besluit Openbare Biedingen Wft) in connection with a potential voluntary public offer by NN Group for all the issued and outstanding ordinary shares in the capital of Delta Lloyd N.V. ("Delta Lloyd"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada or Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.

NN Group intends to make an all-cash offer for Delta Lloyd of EUR 5.30 per ordinary share

- **Intended all-cash offer of EUR 5.30 per share for all issued and outstanding ordinary shares of Delta Lloyd, for a total consideration of EUR 2.4 billion**
- **A premium of approximately 53% over the last 3-months average closing price and 29% over the last closing price of EUR 4.12 per share**
- **Creation of a well-diversified leader in the Dutch pensions, life & non-life insurance and banking sectors, with a strong asset management platform, attractive international presence, ample growth opportunities and appealing customer propositions**
- **Increased scale and efficiency will drive significant expected EPS, free cash flow and DPS accretion**
- **Robust combined balance sheet and solid solvency position**
- **NN Group intends to finance the all-cash offer using existing cash resources and external debt**
- **NN Group has provided its proposal to the Executive Board and the Supervisory Board of Delta Lloyd, and has invited them to discuss this proposal with a view to come to a recommended transaction**
- **NN Group will submit a request to the Dutch Central Bank for a declaration of no objection to pursue the transaction**

NN Group announces today that it has shared its views on the rationale and the benefits of combining Delta Lloyd and the Dutch and Belgian activities of NN Group with the Executive Board and the Supervisory Board of Delta Lloyd. NN Group has submitted a proposal to the Boards of Delta Lloyd to combine these activities by way of a public tender offer to be made by NN Group for the entire issued and outstanding ordinary share capital of Delta Lloyd for EUR 5.30 in cash per ordinary Delta Lloyd share.

To date, the Boards of Delta Lloyd have not accepted NN Group's invitation to discuss its proposal and negotiate a recommended transaction.

Further details of the intended offer

The offer price of EUR 5.30 (cum dividend) in cash per ordinary Delta Lloyd share represents:

- a premium of approximately 29% over the closing price of EUR 4.12 per ordinary Delta Lloyd share on 4 October 2016;
- a premium of approximately 36% relative to the average closing price of an ordinary share of Delta Lloyd during the last month; and
- a premium of approximately 53% relative to the average closing price of an ordinary share of Delta Lloyd during the last three months.

The offer will provide Delta Lloyd's shareholders with an immediate, certain and attractive cash value. NN Group believes the offer price represents full and fair value to Delta Lloyd's shareholders. NN Group intends to finance the all-cash offer using existing cash resources and external debt. It is expected that the transaction will be EPS, free cash flow and DPS accretive. NN Group will complete the previously announced share buybacks to neutralise the stock dividends. The remaining outstanding part of the EUR 500 million share buyback programme will be suspended in light of today's announcement.

Stronger businesses and synergies

A combination of Delta Lloyd and the Dutch and Belgian activities of NN Group is financially and strategically compelling and beneficial to the companies' stakeholder groups. Combining these activities meets the key criteria of NN Group's disciplined capital deployment strategy and provides the following expected benefits:

- Expected to deliver significant EPS, free cash flow and DPS accretion;
- Maintaining a strong balance sheet and solvency position;
- Creating value through additional scale, cost synergies and capital diversification;
- Strengthening the commercial platform, cementing market leading positions; and
- Further enhancing our customer proposition by complementing our product offering and distribution.

Lard Friese, CEO of NN Group: *'Since our IPO in 2014, we have been focused on the execution of our strategy, delivering an excellent customer experience and pursuing growth in selected European markets and Japan. Our financial position is robust, allowing us to focus on further improving our businesses and delivering value to our shareholders. We believe there is a clear and compelling logic to bring consolidation to the Dutch insurance market through a combination of the businesses of NN Group and Delta Lloyd in a way that benefits both companies and their stakeholders. The combination will be a leading player in the Dutch insurance, banking and asset management markets, with a strong international presence, which will benefit from economies of scale and significant free cash flow generation potential, and offer an array of attractive products and services to customers.'*

NN Group is ready to move swiftly and is in a position to complete a confirmatory due diligence simultaneously with the negotiation of a merger protocol with a view to come to a recommended transaction within a short period of time. NN Group expects such merger protocol to be customary for transactions of this nature, in particular with respect to non-financial covenants relating to employees, integration, governance, strategy, organisation and post-closing restructurings.

The offer will be subject to customary pre-offer and offer conditions precedent for transactions of this nature, including, but not limited to, a minimum acceptance level, anti-trust clearance and other regulatory approvals, including from the Dutch Central Bank. NN Group looks forward to engaging with the NN Group and Delta Lloyd Works Councils to share with them its views on the combination.

Other

To the extent permissible under applicable law or regulation, NN Group and its affiliates or brokers (acting as agents for NN Group or its affiliates, as applicable) may from time to time after the date hereof, and other than pursuant to the intended offer, directly or indirectly purchase, or arrange to purchase, ordinary shares in the capital of Delta Lloyd, that are the subject of the intended offer. To the extent information about such purchases or arrangements to purchase is made public in the Netherlands, such information will be disclosed by means of a press release to inform shareholders of such information, which will be made available on the website of NN Group. In addition, financial advisors to NN Group may also engage in ordinary course trading activities in securities of Delta Lloyd, which may include purchases or arrangements to purchase such securities.

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Press/Investor call and webcast

Lard Friese and Delfin Rueda will host a press, analyst and investor conference call to present NN Group's views on the intended offer at 9:30 am CET on 5 October 2016. Journalists and members of the investment community can join the conference call at +31 020 531 5867 (NL), +44 20 3365 3210 (UK), +1 866 349 6093 (US) or follow the webcast on www.nn-group.com.

NN Group profile

NN Group is an international insurance and asset management company, active in more than 18 countries, with a strong presence in a number of European countries and Japan. With around 11,500 employees the group offers retirement services, insurance, investments and banking to more than 15 million customers. NN Group includes Nationale-Nederlanden, NN and NN Investment Partners. NN Group is listed on Euronext Amsterdam (NN).

General restrictions

This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire the securities of Delta Lloyd or NN Group in any jurisdiction.

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, NN Group disclaims any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither NN Group, nor any of its advisors assumes any responsibility for any violation by any person of any of these restrictions. Any shareholder who is in any doubt as to its position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to the United States, Canada or Japan.

Important legal information

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations, (13) changes in the policies of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies and (18) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by NN Group.

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction.

11.2 Press release Delta Lloyd dated 7 October 2016

delta lloyd

Press release Amsterdam, 7 October 2016

Delta Lloyd rejects NN Group's takeover proposal

Delta Lloyd N.V. (hereafter "Delta Lloyd" or the "Company") notes the announcement made by NN Group N.V. ("NN Group") on 5 October 2016 and confirms that it received an unsolicited and conditional proposal from NN Group on 2 October 2016 regarding a possible cash offer for Delta Lloyd at a price of €5.30 per ordinary share.
The Executive Board and Supervisory Board (together, the "Boards") of Delta Lloyd have carefully reviewed and considered NN Group's proposal.
The Boards believe that Delta Lloyd is a strong business with a compelling strategy and a clear path to value creation on which it is showing good progress.
Consistent with their fiduciary responsibilities, the Boards of Delta Lloyd are not opposed to transactions that would create compelling value for shareholders and deliver benefits to other stakeholders.
The Boards are of the opinion that the financial terms and conditions set out in NN Group's proposal do not form an acceptable basis for such a transaction. Accordingly they reject NN Group's proposal.

Hans van der Noordaa, chairman of Delta Lloyd's Executive Board, said: "We have considered NN Group's proposal carefully and have decided to reject it. We have a clear strategy and we are delivering on our priorities of capital, performance and customer. We have made good progress during 2016. Our capital position is now solid with opportunity to improve further capital generation and dividends. In light of this, we cannot accept this proposal."

In coming to this decision the Boards took into account the following factors, amongst others:

- **The proposal substantially undervalues Delta Lloyd, its prospects and its strategic opportunities**
  The terms of the proposal represent only 0.64x 30 June 2016 book value and an implied consensus 2017E dividend yield of 5.6%[1]. The premium of 29% to the closing price of 4 October 2016 is below market norms for cash transactions of this type and for companies at our stage of recovery. The premium is only 11% when compared to Delta Lloyd's undisturbed 6 month high share price of €4.79;

- **The timing is opportunistic in light of Delta Lloyd's progress on its strategy**
  Following a challenging period, Delta Lloyd has made strong progress on stabilising its balance sheet and implementing its strategy including in recent days the announced merger of Delta Lloyd's life businesses in The Netherlands and Belgium. This proposal is opportunistic in its timing, seeking to take control of the Company before shareholders, customers and employees have fully benefitted from the realisation of management's plans;

- **The proposal fails to reflect an appropriate share of benefits of Dutch consolidation**
  The benefits of combining Dutch insurers are significant. These benefits include cost synergies, avoided investment and project spend, capital and financing synergies. The Boards believe that Delta Lloyd shareholders are in a position to benefit from the value of these synergies through a number of possible combinations now or in the future. NN Group's proposal does not deliver an adequate share of this value for Delta Lloyd's shareholders.

The Boards believe that Delta Lloyd can create substantial value for shareholders from implementing its current strategy:

- **Delta Lloyd has made substantial progress during 2016 on its capital plan**
  The Company has implemented management actions to improve the strength and stability of its balance sheet, including the Van Lanschot equity offering, de-risking and ALM actions which delivered 173% Solvency II at 30 June 2016. Delta Lloyd continues to improve the level and resilience of its capital through further management actions, including most recently the Belgian merger announced on 5 October 2016, which is expected to add an incremental 5 percentage points to its Solvency II ratio, and the Partial Internal Model which is on track for implementation from 1 January 2018;

[1] IBES Consensus 2017 dividend estimate of €0.295 per share as of 4 October 2016

- **Delta Lloyd is executing actions to improve operational performance and capital generation**
  Delta Lloyd has a clear plan to improve its life new business margins and P&C combined ratio, to improve strategic asset allocation, to reduce financing costs following deleveraging and to implement its announced cost saving targets of c.€60m by 2018. These measures together will mitigate the adverse impact of current low interest rates on capital generation. Delta Lloyd remains committed to its capital generation target of €200-250m per annum over time and its target dividend of €130m for 2016; and
- **Upside from realising the value of Delta Lloyd's customer franchise for stakeholders**
  Delta Lloyd serves 4.2 million customers across the Netherlands and Belgium through our strong multichannel platform, with leading positions in attractive capital light segments of the life market such as defined contribution pensions and protection. Delta Lloyd is a leader in IFA and customer satisfaction and has a consistent track record of effective cost management. In the context of the developing Dutch long term savings market, this franchise is particularly well positioned for the future to drive value upside for shareholders and other stakeholders.

A copy of this announcement will be on our website www.deltalloyd.com.

This is a public announcement by Delta Lloyd N.V. pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014). This public announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Delta Lloyd N.V.

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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.

11.3 Press release NN Group dated 2 November 2016

NN corporate relations

Press release

2 November 2016

This is a press release by NN Group N.V. ("NN Group"), pursuant to the provisions of Section 7 Paragraph 1 and Section 4 Paragraph 3 of the Decree on Public Takeover Bids (Besluit Openbare Biedingen Wft) (the "Decree") in connection with the intended public offer by NN Group for all the issued and outstanding ordinary shares in the capital of Delta Lloyd N.V. ("Delta Lloyd"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada or Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.

NN Group update on intention to make an all cash offer for Delta Lloyd

Following the announcement on 5 October 2016, NN Group today reconfirms its intention to make a public offer for all issued and outstanding ordinary shares of Delta Lloyd.

NN Group remains of the view that a combination of Delta Lloyd and the Dutch and Belgian activities of NN Group is financially and strategically compelling and beneficial to both companies' stakeholder groups. Since the initial public announcement of the proposed transaction, NN Group has had limited interaction with Delta Lloyd. NN Group continues to seek engagement on the intended offer with Delta Lloyd and will continue its discussions with relevant stakeholder groups.

A draft offer memorandum will be submitted to the AFM no later than 28 December 2016.

Other
To the extent permissible under applicable law or regulation, NN Group and its affiliates or brokers (acting as agents for NN Group or its affiliates, as applicable) may from time to time after the date hereof, and other than pursuant to the intended offer, directly or indirectly purchase, or arrange to purchase, ordinary shares in the capital of Delta Lloyd, that are the subject of the intended offer. To the extent information about such purchases or arrangements to purchase is made public in the Netherlands, such information will be disclosed by means of a press release to inform shareholders of such information, which will be made available on the website of NN Group. In addition, financial advisors to NN Group may also engage in ordinary course trading activities in securities of Delta Lloyd, which may include purchases or arrangements to purchase such securities.

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NN GROUP profile

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General restrictions

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The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, NN Group disclaims any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither NN Group, nor any of its advisors assumes any responsibility for any violation by any person of any of these restrictions. Any shareholder who is in any doubt as to its position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to the United States, Canada or Japan.

Important legal information

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations, (13) changes in the policies of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies and (18) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by NN Group.

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction.

11.4 Press release Delta Lloyd dated 2 November 2016

delta lloyd

Press release Amsterdam, 2 November 2016

Delta Lloyd notes NN Group's status update

Delta Lloyd has noted today that NN Group has reconfirmed its intention to make a public offer for Delta Lloyd.

The boards of Delta Lloyd are not opposed to transactions that would create compelling value for shareholders and deliver benefits to other stakeholders. However, the proposal announced by NN Group on 5 October 2016 substantially undervalues Delta Lloyd, its prospects and its strategic opportunities and fails to reflect an appropriate share of the benefits of Dutch consolidation.

Following its rejection of NN Group's proposal on 7 October 2016, Delta Lloyd has shared its views on a possible transaction directly with NN Group. Delta Lloyd has also provided to NN Group its estimates of the substantial cost and capital benefits that a combination could deliver.

Delta Lloyd will make further announcements if and when required.

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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.

11.5 Joint press release NN Group and Delta Lloyd dated 23 December 2016

Joint Press release

23 December 2016

This is a joint press release by NN Group N.V. ('NN Group') and Delta Lloyd N.V. ('Delta Lloyd'), pursuant to the provisions of Section 4 Paragraph 3, Section 5 Paragraph 1 and Section 7 Paragraph 4 of the Decree on Public Takeover Bids (Besluit Openbare Biedingen Wft) (the 'Decree') in connection with the intended public offer by NN Group for all the issued and outstanding ordinary shares in the capital of Delta Lloyd. This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada or Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.

NN Group and Delta Lloyd agree on recommended transaction

To form a leading insurance and asset management company in the Netherlands

- **NN Group and Delta Lloyd reached a conditional agreement on a recommended all-cash public offer of EUR 5.40 (cum dividend) per issued and outstanding ordinary share of Delta Lloyd representing a total consideration of EUR 2.5 billion**
- **Transaction supported and recommended by Delta Lloyd's Executive Board and Supervisory Board**
- **Offer price represents a premium of 55% over the 3-months average closing price prior to the initial announcement on 5 October 2016, delivering immediate and certain value to Delta Lloyd shareholders**
- **Creation of a well-diversified leader in the Dutch pensions, life and non-life insurance and banking sectors, with a strong asset management platform, attractive international presence, ample growth opportunities and appealing customer propositions**

- **NN Group anticipates a return on investment of around 10% and a double digit accretion in dividend per share (DPS) for 2018 and onwards**
- **Robust combined balance sheet and solid 3Q16 pro-forma Solvency II ratio of approximately 189%**
- **NN Group has committed financing in place and will fund the transaction via a combination of existing cash resources and debt**
- **Draft offer memorandum will be submitted to AFM no later than 28 December 2016**

NN Group and Delta Lloyd announce today that a conditional agreement (the 'Merger Protocol') has been reached on a recommended public offer (the 'Offer') to be made by NN Group for the entire issued and outstanding ordinary share capital of Delta Lloyd (the 'Shares') for EUR 5.40 in cash per ordinary Delta Lloyd share (cum dividend) (the 'Offer Price').

This announcement follows constructive interactions between the boards and management teams of both companies including a period of targeted due diligence.

Lard Friese, CEO of NN Group: 'Today's announcement is a significant step in our journey to build a sustainable, profitable business for the future, and to strengthen our leading position in the Netherlands and Belgium. I value the entrepreneurial spirit, customer focus, the commercial agility, and strong distribution capabilities of Delta Lloyd. Customers of both companies will benefit from an enhanced proposition by complementing our product offering and distribution. Consolidation in the insurance sector will bring additional stability in our markets, and will generate a materially higher cash return to our shareholders over time, through the benefits of scale. We strongly believe this transaction to be in the best interest of both companies' stakeholders, and I am pleased the transaction has the support and recommendation of the Delta Lloyd Boards. '

Hans van der Noordaa, CEO of Delta Lloyd: 'Delta Lloyd is a highly client focused organisation with excellent market positions. I am proud of how the management and employees of Delta Lloyd have worked together over the last years to improve the operations and capital of the Group. We have been making good progress towards our goals. But our Boards have recognised the risks to the achievement of those goals which exist particularly in respect of the ongoing evolution of Solvency II capital requirements and a competitive market, that is on the verge of consolidation. After extensive analysis of different alternatives, we made a clear decision that a combination of NN Group and Delta Lloyd is in the long term interest of our stakeholders including our shareholders. The offer provides a certain cash premium for shareholders and also a secure future for policyholders.'

Strategic rationale

NN Group and Delta Lloyd believe that a combination of Delta Lloyd and the Dutch and Belgian activities of NN Group (the 'Combined Company') is compelling. The transaction will result in an overall stronger platform within the Benelux from which to provide enhanced customer propositions and generate shareholder return:

- Additional scale and capabilities will result in an improved customer proposition within the Dutch pension market;
- Doubling the size of the non-life insurance business will drive underwriting results and customer experience;
- The integration of two leading asset management businesses creates additional scale and expertise;
- Increased size and scale of the banking business, thereby improving the competitive offering to existing and new customers;
- Doubling the presence in Belgium, leading to a strong life insurance market share with a more diversified offering through additional channels.

The Combined Company will be better placed to capture opportunities that technological innovation brings and will provide increased possibilities for knowledge sharing, strengthening capabilities and talent development. It will bring a perspective of growth and lead to opportunities for employees of both companies and will facilitate continuous improvement in customer service and experience.

Transaction details

The Offer envisions the acquisition of Shares pursuant to a recommended public offer by NN Group. The Offer Price represents:

- a premium of approximately 31% over the closing price of EUR 4.12 per Share on 4 October 2016, the last trading day before NN Group initially announced its intention to make an offer for Delta Lloyd;
- a premium of approximately 38% relative to the average closing price per Share during the last month prior to the initial announcement; and
- a premium of approximately 55% relative to the average closing price per Share of Delta Lloyd during the last three months prior to the initial announcement.

Financing

The Offer values 100% of the Shares at EUR 2.5 billion. NN Group will be able to pay the Offer consideration for an amount of EUR 1.4 billion with cash from its own available resources. For the remainder, NN Group has, subject to customary conditions, committed debt financing made available to it from reputable global financial institutions. The financial leverage ratio and fixed cost coverage ratios of the Combined Company are estimated in a range of 30% and 9x on a pro-forma basis at 30 September 2016.

Synergies and cash generation

The combination of Delta Lloyd and the Dutch and Belgian activities of NN Group will facilitate a drive for further efficiency, supporting the Combined Company's cash generation capacity. NN Group will provide additional information on potential cost and capital synergies in due course, but is currently anticipating cost synergies of approximately EUR 150 million pre-tax by 2020. This is anticipated to occur in a range of areas including:

- Integration of operational and supporting activities in Life and Non-Life, including commercial migration
- Full integration of Bank & Asset Management
- Removal of overlap in centralised functions
- Reduction in project spend

With respect to capital, NN Group estimates the 3Q16 pro-forma Solvency II ratio of the combination to be at 189%, taking into account the reversal of the EUR 333 million deduction of the share buy-back and assuming the base case of senior debt issuance. Based on its due diligence, NN Group believes that there will be some initial capital synergies from the combination but also expects meaningful negative impacts from the alignment of actuarial assumptions under NN Group ownership. The combination of these is anticipated to result in the 3Q16 pro-forma Solvency II ratio declining from 189% to approximately 185%.

Over time, NN Group sees potential for further capital synergies, the transition of Delta Lloyd's legal entities onto the NN Group Partial Internal Model, but also the removal of the longevity hedge benefit currently included in Delta Lloyd's standard formula approach.

NN Group anticipates the transaction to generate a return on investment of around 10% and a double digit accretion in DPS for 2018 and onwards. The Combined Company will remain focussed on generating capital within its operating units and remitting this capital to the holding company where it will be subject to NN Group's unchanged dividend policy.

Recommendation by Delta Lloyd's Executive Board and Supervisory Board

On 2 October 2016, Delta Lloyd received a conditional approach from NN Group valued at EUR 5.30 which the Delta Lloyd Boards rejected. Consistent with their fiduciary responsibilities, the Boards of Delta Lloyd entered into talks with NN Group to assess whether a transaction would be feasible to create compelling value for shareholders and deliver benefits to other stakeholders. Delta Lloyd and NN Group management have been in discussion about the potential size of the consolidation benefits, both from a financial and capital perspective, from combining the two companies, which are substantial. A key point for Delta Lloyd was that the proposal needed to reflect an appropriate share of benefits of Dutch consolidation for Delta Lloyd shareholders since the Delta Lloyd Boards believe that consolidation will take place in the near future given regulatory developments and market headwinds.

Throughout the process, the Delta Lloyd Executive Board and Supervisory Board met frequently to discuss the progress of the process and the key decisions in connection therein. The Delta Lloyd Executive Board and Supervisory Board received extensive financial and legal advice and there was regular contact with the Dutch Central Bank. The Delta Lloyd Boards gave careful consideration to all aspects - including strategic, financial, current trading, operational and social points of view - and consequences of the proposed transaction.

In the trading update regarding the first nine months of 2016, Delta Lloyd reported good progress on its management priorities of capital, performance and customers, alongside its Solvency II capital ratio of 156%. Since the end of the quarter, Solvency II is expected to have benefited from the closure of the duration gap and favourable market movements. Delta Lloyd expects its 4Q16 Solvency II ratio to be adversely affected by the LAC-DT review by DNB, the possible removal of the risk margin benefit of the longevity hedge and adverse longevity developments. Delta Lloyd will report its final assessment of these items at its full year results in February 2017.

In this context, the Delta Lloyd Boards have carefully considered the financial and stakeholder considerations of all options, including remaining standalone.

After due and careful consideration, both the Delta Lloyd Executive Board and the Supervisory Board are of the opinion that the Offer is in the best interest of Delta Lloyd and its stakeholders. As will be further set out in the Position Statement to be published in connection with the Offer, the Delta Lloyd Executive Board and Supervisory Board support the Offer, shall recommend to the shareholders of Delta Lloyd to accept the Offer and to tender their Shares pursuant to the Offer, and recommend voting in favour of all resolutions relating to the Offer and the Legal Merger that will be proposed at the EGM.

On 23 December 2016, Goldman Sachs issued a fairness opinion to the Delta Lloyd Executive Board and Supervisory Board, and Bank of America Merrill Lynch issued a fairness opinion to the Delta Lloyd Supervisory Board, in each case as to the fairness, as of such date, and based upon and subject to the factors and assumptions set forth in each fairness opinion, that the EUR 5.40 in cash to be paid pursuant to the Offer or the exchange ratio[1] of NN Group shares to be issued in connection with the Legal Merger, as applicable, to the holders of Shares, collectively, is fair from a financial point of view to such holders.

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[1] Exchange ratio is defined in the Merger Protocol as the Offer Price per Share divided by the NN Group stock price on the last day prior to the date of the execution of the Legal Merger.

The full text of such fairness opinions, each of which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each such opinion, will be included in the Position Statement. The opinions of Goldman Sachs and Bank of America Merrill Lynch are given to the Delta Lloyd Executive Board and Supervisory Board, respectively and not to the holders of Shares. As such, the fairness opinions do not contain a recommendation to the holders of Shares as to whether they should tender their Shares under the Offer (if and when made) or how they should vote or act with respect to the Legal Merger or any other matter.

Further undertakings
NN Group and Delta Lloyd have agreed to certain covenants in respect of corporate governance, post-closing legal merger, strategy, organisation, integration and employees for a duration of three years after settlement (the 'Non-Financial Covenants').

Corporate governance
After successful completion of the Offer, the Delta Lloyd Supervisory Board will be composed of three new members appointed by NN Group and two members of the current Delta Lloyd Supervisory Board qualifying as independent within the Dutch Corporate Governance Code (the 'Continuing Members'). The Continuing Members will continue to serve on the Delta Lloyd Supervisory Board, or, should the Delta Lloyd Supervisory Board no longer exist, be appointed to the NN Group Supervisory Board, for the duration of the Non-Financial Covenants.

NN Group will determine the composition of the Delta Lloyd Executive Board on or prior to launch of the Offer. The NN Group Executive Board and Management Board will not change as a result of the transaction.

Post-closing legal merger
NN Group's willingness to pay the Offer Price and pursue the transaction is predicated on the acquisition of 100% of the Shares. NN Group and Delta Lloyd anticipate that full integration of their companies will deliver substantial operational, commercial, organisational, financial and tax benefits, which could not, or only partially, be achieved if Delta Lloyd were to continue as standalone entity with minority shareholders.
If NN Group acquires at least 95% of the Shares, it is intended that Delta Lloyd's listings on Euronext Amsterdam and Euronext Brussels will be terminated as soon as possible. In addition, NN Group will commence statutory squeeze-out proceedings.
If NN Group acquires less than 95% but at least 67% of the Shares, NN Group will, subject to NN Group and Delta Lloyd agreeing on a final structure prior to launch of the Offer, be entitled to pursue one or more legal mergers of Delta Lloyd into NN Group, or a subsidiary of NN Group, whereby Delta Lloyd shareholders will ultimately receive listed shares in NN Group (the 'Legal Merger'). The exchange ratio pursuant to the Legal Merger is defined as the Offer Price divided by the NN Group share price on the last day prior to the date of the execution of the Legal Merger. The Legal Merger will be subject to Delta Lloyd's Extraordinary General Meeting ('EGM') approval and is to be held prior to closing of the tender offer period. The Delta Lloyd Executive Board and Supervisory Board have approved and consented to the Legal Merger and shall recommend the Delta Lloyd shareholders to vote in favour of the Legal Merger.

Strategy, integration and organisation
NN Group and Delta Lloyd intend to integrate and align their operations in the Netherlands and Belgium to fully benefit from their combined reach, scale and resources, in order to provide a compelling platform, maximise the potential of the two businesses and enhance their capabilities to service customers. The integration will be led by the NN Group Management Board, determining the parameters for integration and supervising the operational working groups. The integration process will be executed in a fair, balanced and timely manner, respecting the talents and strengths of people in both organisations. In order to

safeguard the process, a transition committee will be established to supervise, monitor and advise on the fairness of the integration process.
The NN Group brands will be the brands for the combined businesses. The brands OHRA and BeFrank shall be maintained. The head office of the Combined Company will be in The Hague. Delta Lloyd's location in Amsterdam shall be maintained for insurance activities for a period of at least three years following settlement. The Combined Company shall strive to be a leader in the field of sustainability, inspired by Delta Lloyds's current leadership in this field.

Employees
NN Group values the experience and expertise of Delta Lloyd's employees which will help further shape the future success of the Combined Company. NN Group will respect any and all existing rights and benefits of employees of Delta Lloyd, including existing social plans, profit sharing schemes, covenants (including covenants with the Delta Lloyd works council) and collective labour agreements (including the employee benefits included in the terms thereof), as well as the terms of the individual employment agreements between Delta Lloyd and its employees for the agreed duration of these arrangements and agreements or, if earlier, until new plans and/or agreements will be in place amending these rights.

Following settlement, the nomination, selection and appointment of staff for functions within the integrated combined group will, subject to applicable law and regulation, be based on the 'best person for the job' principle, or, where not feasible or appropriate, on a non-discriminatory, fair and business-oriented transparent set of criteria.

Pre-Offer and Offer conditions
The commencement of the Offer is subject to the satisfaction or waiver of pre-offer conditions customary for a transaction of this kind, including:
(i) no material breach of the Merger Protocol having occurred;
(ii) no revocation or amendment of the recommendation by the Delta Lloyd Executive Board and Supervisory Board;
(iii) no material adverse effect having occurred;
(iv) the Dutch Authority for the Financial Markets ('AFM') having approved and the Belgian Financial Services and Markets Authority ('FSMA') having acknowledged the offer memorandum;
(v) no public announcement of a Competing Offer (as defined below) having been made;
(vi) the Stichting Continuïteit Delta Lloyd (the 'Foundation') not having exercised its call option to have protective preference shares issued to it;
(vii) no notification having been received from AFM stating that investment firms will not be allowed to cooperate with the Offer; and
(viii) no order, stay judgment or decree having been issued prohibiting the making of the Offer.

If and when made, the consummation of the Offer will be subject to the satisfaction or waiver of the following Offer conditions:
(i) minimum acceptance level of at least 95% of the Shares, which will be reduced to 67% in the event that the Delta Lloyd shareholders have adopted the legal merger resolution at the EGM (if proposed), provided however that NN Group may waive the minimum acceptance condition without the consent of Delta Lloyd if the acceptance level is 67% and above;
(ii) antitrust clearance having been obtained;
(iii) declarations of no-objection from the Dutch Central Bank, the National Bank of Belgium and the European Central Bank having been obtained;
(iv) no material breach of the Merger Protocol having occurred;
(v) no revocation or amendment of the recommendation by the Delta Lloyd Executive Board and Supervisory Board;

(vi) no material adverse effect having occurred;
(vii) no public announcement of a Competing Offer (as defined below) having been made;
(viii) the Foundation not having exercised its call option to have protective preference shares issued to it and having agreed to terminate the call option agreement subject to the Offer being declared unconditional;
(ix) no notification having been received from AFM stating that investment firms will not be allowed to cooperate with the Offer; and
(x) no order, stay judgment or decree having been issued prohibiting the making of the Offer.

On termination of the Merger Protocol by NN Group on account of a material breach of the Merger Protocol by Delta Lloyd or a Competing Offer having been made, Delta Lloyd will forfeit a EUR 25 million termination fee to NN Group.

If the Merger Protocol is terminated by Delta Lloyd (i) on account of a material breach of the Merger Protocol by NN Group, (ii) because all conditions are satisfied or waived and NN Group fails to launch or declare the Offer unconditional, as the case may be or (iii) because the declarations of no-objection from the Dutch Central Bank, the National Bank of Belgium and the European Central Bank are not obtained, NN Group will forfeit a EUR 25 million reverse termination fee to Delta Lloyd.
If the Merger Protocol is terminated because antitrust clearance is not obtained NN Group will forfeit a EUR 67.5 million reverse termination fee to Delta Lloyd.

Competing Offer
NN Group and Delta Lloyd may terminate the Merger Protocol in the event a bona fide third-party offeror makes an offer which, in the reasonable opinion of the Boards, is a more beneficial offer than the Offer, exceeds the Offer Price by 7% and is launched or is committed to be launched within four weeks (a 'Competing Offer'). In the event of a Competing Offer, NN Group will be given the opportunity to match such offer, in which case the Merger Protocol may not be terminated by Delta Lloyd. Any additional subsequent competing offer will have a 5% offer threshold and matching right for NN Group. As part of the agreement, Delta Lloyd has entered into customary undertakings not to solicit third party offers.

Indicative timetable
NN Group and Delta Lloyd will seek to obtain all necessary approvals and antitrust clearances as soon as possible. The required advice of the NN Group and Delta Lloyd works councils and consultation with the unions will be commenced immediately (to the extent not already in progress). Both parties are confident that NN Group will secure all antitrust and regulatory approvals within the timetable applicable to the Offer.

NN Group expects to submit a request for review and approval of its offer memorandum with AFM no later than 28 December 2016 and to publish the offer memorandum shortly after approval, in accordance with the applicable statutory timeline.

Delta Lloyd will hold an EGM at least six business days prior to the closing of the tender offer period in accordance with Section 18 paragraph 1 of the Decree to inform the shareholders about the Offer and to adopt certain resolutions that are conditions to the consummation of the Offer. Based on the required steps and subject to the necessary approvals, NN Group and Delta Lloyd anticipate that the Offer will close in the second quarter of 2017.

Transaction advisors
In connection with the transaction, NN Group's Executive and Supervisory Board financial advisors are J.P. Morgan Limited (lead), ING Bank N.V., and Morgan Stanley, and its legal counsel is Freshfields Bruckhaus Deringer. On behalf of Delta Lloyd, Goldman Sachs International is acting as financial advisor to the Executive Board, Bank of America Merrill Lynch is acting as financial advisor to the Supervisory Board, and Allen & Overy is acting as legal counsel.

Other
To the extent permissible under applicable law or regulation, NN Group and its affiliates or brokers (acting as agents for NN Group or its affiliates, as applicable) may from time to time after the date hereof, and other than pursuant to the intended offer, directly or indirectly purchase, or arrange to purchase, ordinary shares in the capital of Delta Lloyd, that are the subject of the intended offer. To the extent information about such purchases or arrangements to purchase is made public in the Netherlands, such information will be disclosed by means of a press release to inform shareholders of such information, which will be made available on the website of NN Group. In addition, financial advisors to NN Group may also engage in ordinary course trading activities in securities of Delta Lloyd, which may include purchases or arrangements to purchase such securities.

Press enquiries NN Group Media Relations +31 70 513 1918 mediarelations@nn-group.com	**Investor enquiries NN Group** Investor Relations +31 88 663 5464 investor.relations@nn-group.com
Press enquiries Delta Lloyd Media Relations +31 20 594 4488 mediarelations@deltalloyd.nl	**Investor enquiries Delta Lloyd** Investor Relations +31 20 594 9693 ir@deltalloyd.nl

Wires call
Lard Friese, Hans van der Noordaa, Delfin Rueda and Clifford Abrahams will host a wires conference call at 7.30 CET on 23 December 2016. Journalists can join the conference call at +31 20 531 5851 (NL).

Investor call
Lard Friese, Hans van der Noordaa, Delfin Rueda and Clifford Abrahams will host an analyst and investor conference call at 9.15 CET on 23 December 2016. Members of the investment community can join the conference call at +31 20 531 5851(NL), +44 20 3365 3210 (UK), +1 866 349 6093 (US) or follow the webcast on www.nngroup.com.

Press conference and webcast
Lard Friese and Hans van der Noordaa will host a Press conference at 11.00 CET on 23 December 2016. Journalists join the conference at NN Group Headquarters, Prinses Beatrixlaan 35, The Hague or follow the webcast on www.nn-group.com. Please confirm your attendance via mediarelations@nn-group.com or +31 70 513 1918.

NN Group profile
NN Group is an international insurance and asset management company, active in more than 18 countries, with a strong presence in a number of European countries and Japan. With around 11,500 employees the group offersretirement services, insurance, investments and banking to more than 15 million customers. NN Group includes Nationale-Nederlanden, NN and NN Investment Partners. NN Group is listed on Euronext Amsterdam (NN).

Delta Lloyd profile
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.

General restrictions
This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire the securities of Delta Lloyd or NN Group in any jurisdiction.

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, NN Group disclaims any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither NN Group, nor any of its advisors assumes any responsibility for any violation by any person of any of these restrictions. Any shareholder who is in any doubt as to its position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to the United States, Canada or Japan.

Important legal information
All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's and Delta Lloyd's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations, (13) changes in the policies of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies and (18) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by NN Group or Delta Lloyd.

Any forward-looking statements made by or on behalf of NN Group or Delta Lloyd speak only as of the date they are made, and, NN Group or Delta Lloyd assume no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction.

12. DUTCH LANGUAGE SUMMARY

Dit Hoofdstuk 12 is de Nederlandse samenvatting van het Biedingsbericht dat is uitgegeven ter zake van het openbaar bod dat door de Bieder is uitgebracht op alle geplaatste en uitstaande gewone aandelen in het kapitaal van Delta Lloyd (de ***Aandelen****) met inachtneming van de voorwaarden zoals beschreven in het Biedingsbericht.*

De gedefinieerde termen in dit Hoofdstuk 12 van het Biedingsbericht hebben de betekenis die daaraan is gegeven in Hoofdstuk 12.2. Deze Nederlandse samenvatting maakt deel uit van het Biedingsbericht, maar vervangt dit niet. Deze Nederlandse samenvatting is niet volledig en bevat niet alle informatie die voor de Aandeelhouders van belang is om zich een afgewogen oordeel te kunnen vormen omtrent het Bod.

Het lezen van deze Nederlandse samenvatting mag derhalve niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. Aandeelhouders wordt geadviseerd het volledige Biedingsbericht zorgvuldig door te lezen en zo nodig onafhankelijk advies in te winnen teneinde een afgewogen oordeel te kunnen vormen omtrent het Bod. Daarnaast zullen Aandeelhouders mogelijk hun belastingadviseur willen raadplegen met betrekking tot de fiscale gevolgen van het aanmelden van Aandelen onder het Bod.

Waar deze Nederlandse samenvatting afwijkt van de Engelse tekst van het Biedingsbericht, prevaleert de Engelse tekst.

12.1 Belangrijke informatie

Het uitbrengen van het Bod, de verkrijgbaarstelling van het Biedingsbericht (inclusief deze Nederlandse samenvatting) en/of de verspreiding van enige andere informatie met betrekking tot het Bod, kan/kunnen in bepaalde jurisdicties aan restricties onderhevig zijn. Zie in dit verband Hoofdstukken 2 (*Restrictions*) en 3 (*Important Information*) van het Biedingsbericht.

Het Bod wordt direct noch indirect gedaan in, en mag niet worden aanvaard door of namens Aandeelhouders vanuit een jurisdictie waarin het uitbrengen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende wet- en regelgeving. Het niet in acht nemen van deze restricties kan een overtreding van de effectenwet- en regelgeving van de desbetreffende jurisdictie opleveren. NN Group, de Bieder en Delta Lloyd en hun respectievelijke adviseurs aanvaarden geen aansprakelijkheid ter zake van overtreding van voornoemde restricties. Aandeelhouders dienen zo nodig onafhankelijk advies in te winnen omtrent hun positie dienaangaande.

De Bieder behoudt zich het recht voor om in het kader van het Bod de aanmelding van Aandelen te accepteren, zelfs indien dit niet gebeurt in overeenstemming met de bepalingen zoals uiteengezet in het Biedingsbericht.

De informatie die is opgenomen in de Hoofdstukken 1 tot en met 6 (met uitzondering van de informatie opgenomen in de Hoofdstukken 6.6, 6.8, 6.9, 6.16, 6.17, 6.19 en 6.21)), 8, 10, 11 en 12 van het Biedingsbericht is uitsluitend door de Bieder verstrekt. De informatie die is opgenomen in de Hoofdstukken 6.6, 6.8, 6.19, 7 en 13 van het Biedingsbericht is uitsluitend door Delta Lloyd verstrekt. De informatie op het voorblad, bladzijden 2, 3 en 4, en de informatie die is opgenomen in de Hoofdstukken 6.9, 6.16, 6.17, 6.21, 9, 14 en 15 van het Biedingsbericht is door de Bieder en Delta Lloyd gezamenlijk verstrekt.

Uitsluitend de Bieder en Delta Lloyd zijn verantwoordelijk voor de juistheid en volledigheid van de informatie die in het Biedingsbericht is verstrekt, ieder afzonderlijk voor de informatie die door henzelf is verstrekt, en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt.

De accountantsverklaringen opgenomen in Hoofdstuk 13.6 (*Independent auditor's report of EY on the selected consolidated financial information of Delta Lloyd*) (met inbegrip van de geconsolideerde financiële informatie waarnaar daarin wordt verwezen) en Hoofdstuk 13.9 (*Independent review report of EY on the information for first half year of the financial year 2016*) van het Biedingsbericht zijn aangeleverd door EY en de daarin opgenomen informatie is identiek aan de informatie opgenomen in de originele rapporten per de datum waarop die door EY werden afgegeven. Delta Lloyd verklaart dat deze informatie, naar haar beste weten, accuraat is gereproduceerd en dat geen gegevens zijn weggelaten als gevolg waarvan de gereproduceerde informatie onjuist of misleidend is.

De Bieder en Delta Lloyd verklaren ieder afzonderlijk ten aanzien van de informatie die door henzelf in het Biedingsbericht is verstrekt en gezamenlijk ten aanzien van de informatie die door hen gezamenlijk is verstrekt, dat de informatie in het Biedingsbericht voor zover hen, alle redelijkerwijs van hen te verwachten zorg in aanmerking nemende, redelijkerwijs bekend kan zijn, in overeenstemming is met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan de vermelding de strekking van het Biedingsbericht zou wijzigen.

Getallen in het Biedingsbericht kunnen naar boven of beneden zijn afgerond en dienen derhalve niet als exact te worden beschouwd.

12.2 Nederlandse definities

Aanbeveling	heeft de betekenis daaraan gegeven in Hoofdstuk 12.11;
Aandeelhouder(s)	houder(s) van één of meer Aandelen;
Aandelen	geplaatste en uitstaande gewone aandelen in het kapitaal van Delta Lloyd, elk met een nominale waarde van EUR 0,20 (twintig eurocent);
Aangemelde Aandelen	elk Aandeel dat voorafgaand aan of op de Uiterste Dag van Aanmelding op juiste wijze is aangemeld (of op onjuiste wijze, indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en geleverd onder het Bod;
Aanmelding	aanmelding van Aandelen door een Aandeelhouder ter aanvaarding van het Bod;

Aanmeldingstermijn	periode gedurende welke de Aandeelhouders hun Aandelen kunnen aanmelden bij de Bieder, beginnend op 3 februari 2017 om 09:00 uur MET en eindigend op de Uiterste Dag van Aanmelding om 17:40 uur MET;
AFM	Stichting Autoriteit Financiële Markten;
Biedingsbericht	dit biedingsbericht dat de voorwaarden en beperkingen beschrijft die van toepassing zijn op het Bod;
Bieder	NN Group Bidco B.V., een besloten vennootschap met beperkte aansprakelijkheid opgericht naar Nederlands recht, met statutaire zetel te ’s-Gravenhage, Nederland, en kantoorhoudende te Schenkkade 65, 2595 AS ’s-Gravenhage, Nederland;
Biedprijs	een bedrag van EUR 5,40 per Aangemeld Aandeel in contanten cum dividend;
Bob	Besluit Openbare Biedingen Wft;
Bod	het bod zoals in het Biedingsbericht beschreven;
Concurrerend Bod	een ongevraagd schriftelijk voorstel om een (openbaar) bod uit te brengen op alle Aandelen of op de gehele of nagenoeg de gehele onderneming van de Delta Lloyd Groep of een fusie of omgekeerde overname (*reverse takeover*) van Delta Lloyd, gedaan door een *bona fide* derde partij en welk voorstel naar het redelijke oordeel van Delta Lloyd (met inbegrip van de Delta Lloyd Raad van Commissarissen), na overleg met haar financiële en juridische adviseurs en na, onder andere, de hoogte en samenstelling van de biedprijs, de mate van zekerheid van financiering, de aan het bod verbonden voorwaarden, de integriteit van de onderneming en de positie van werknemers in overweging te hebben genomen, kwalificeert als een concurrerend bod indien: (a) het is uitgebracht, of bindend is voor de biedende partij in de zin dat deze biedende partij (i) zich jegens Delta Lloyd onder gebruikelijke voorwaarden heeft verbonden om binnen vier (4) weken een concurrerend bod uit te brengen en (ii) de intentie tot het uitbrengen van een concurrerend bod openbaar heeft gemaakt, met daarbij de voorgenomen prijs per Aandeel en de relevante voorwaarden in verband met het concurrerende bod en het uitbrengen daarvan; (b) het een biedprijs per Aandeel in contanten of in

openbaar verhandelbare aandelen (gewaardeerd per de datum van de onder (a) hierboven genoemde verplichting) inhoudt, die de Biedprijs overstijgt met ten minste 7%. Voor zover het een bod betreft op de gehele of nagenoeg de gehele onderneming van de Delta Lloyd Groep, zal de waardering van het bod per Aandeel worden gedaan op basis van de netto aan de Aandeelhouders uit te keren opbrengst (exclusief dividend en (bron)belasting) als gevolg van een dergelijke transactie (gewaardeerd per de datum van de eerste handelsdag op Euronext Amsterdam na ondertekenen van de Fusieovereenkomst). Indien de vergoeding voor de Aandelen geheel of gedeeltelijk zal worden voldaan met aandelen zal de aandelencomponent worden gewaardeerd op de gemiddelde prijs van de aangeboden aandelen gedurende de laatste 90 dagen voorafgaand aan de bekendmaking van het Potentieel Concurrerend Bod; en

(c) het naar het oordeel van de Delta Lloyd Raden gunstiger is voor Delta Lloyd en haar stakeholders dan het Bod, waarbij met name de identiteit en reputatie van een biedende partij, de door de Aandeelhouders te ontvangen vergoeding, de mate van zekerheid van gestanddoening van het bod, de overige voorwaarden en omstandigheden van het bod, waaronder de niet-financiële convenanten, en de belangen van alle stakeholders van Delta Lloyd in acht zullen worden genomen;

Dag van Gestanddoening	heeft de betekenis daaraan gegeven in Hoofdstuk 12.9.2;
Dag van Overdracht	de datum, die niet later zal zijn dan de vijfde (5de) Werkdag na de Dag van Gestanddoening, waarop, in overeenstemming met de bepalingen van het Bod, de Bieder de Biedprijs zal betalen aan Aandeelhouders voor elk Aangemeld Aandeel;
Delta Lloyd	Delta Lloyd N.V., een naamloze vennootschap opgericht naar Nederlands recht, met statutaire zetel te Amsterdam, Nederland, en kantoorhoudende te Amstelplein 6, 1096 BC Amsterdam, Nederland;
Delta Lloyd Groep	Delta Lloyd en de aan haar Gelieerde Partijen van tijd tot tijd;
Delta Lloyd Raad van Bestuur	de raad van bestuur van Delta Lloyd;

Delta Lloyd Raad van Commissarissen	de raad van commissarissen van Delta Lloyd;
Delta Lloyd Raden	de Delta Lloyd Raad van Bestuur en de Delta Lloyd Raad van Commissarissen;
Euronext Amsterdam	de beurs van Euronext Amsterdam N.V., de gereguleerde markt uitgevoerd door Euronext Amsterdam N.V.;
Euronext Brussel	de beurs van Euronext Brussel, de gereguleerde markt uitgevoerd door Euronext Brussels SA/NV;
Fusieovereenkomst	de fusieovereenkomst tussen NN Group en Delta Lloyd zoals overeengekomen en ondertekend op 22 december 2016;
Gecombineerde Groep	de groep die wordt gevormd door NN Group en Delta Lloyd en de aan hen Gelieerde Partijen na de Dag van Overdracht;
Gecommitteerde Aandelen	heeft de betekenis daaraan gegeven in Hoofdstuk 12.8.1(a);
Gelieerde Partij	met betrekking tot de Bieder, NN Group en/of Delta Lloyd, elke dochter- of moedervennootschap van de Bieder, NN Group en/of Delta Lloyd en elke dochtervennootschap van een dergelijke moedervennootschap, van tijd tot tijd, met dien verstande dat Delta Lloyd of enige dochter- of moedervennootschap van Delta Lloyd nooit als een aan de Bieder Gelieerde Partij zal worden aangemerkt (en vice versa);
Juridische Fusie	de juridische driehoeks-fusie(s) in overeenstemming met artikel 2:309 e.v. van het Burgerlijk Wetboek tussen Delta Lloyd als verdwijnende rechtspersoon en de Bieder als verkrijgende rechtspersoon, als resultaat waarvan de Aandeelhouders gewone aandelen in NN Group zullen verkrijgen;
Juridische Fusie BAVA	de buitengewone vergadering van aandeelhouders van Delta Lloyd die zal worden gehouden onmiddellijk na de Openbaar Bod BAVA, waarin het besluit tot Juridische Fusie zal worden voorgelegd aan de aandeelhouders van Delta Lloyd;

Juridische Fusie Besluit	het (goedkeurende) besluit met betrekking tot de Juridische Fusie, te nemen in de Juridische Fusie BAVA onder de voorwaarde dat de Bieder en aan haar Gelieerde Partijen na de Dag van Overdracht ten minste 67% houden van het geplaatste en uitstaande gewone aandelenkapitaal van Delta Lloyd op volledig verwaterde basis;
Materieel Negatief Effect	elke verandering, gebeurtenis, aangelegenheid of omstandigheid (elk een ***Effect***) die, individueel of in samenhang met alle andere Effecten, een voortdurend materieel negatief effect heeft of redelijkerwijs kan hebben op de onderneming, activa, passiva, financieringsstructuur of financiële positie van Delta Lloyd en de aan haar Gelieerde Partijen tezamen, dat van zodanige aard is dat van de Bieder redelijkerwijs niet kan worden verwacht dat zij het Bod gestand zal doen, met dien verstande dat voor de vaststelling of sprake is of zal zijn van een Materieel Negatief Effect de volgende Effecten niet zullen worden meegenomen: (i) veranderingen of omstandigheden die een algemeen effect hebben op de sectoren waarin Delta Lloyd en de aan haar Gelieerde Partijen actief zijn, of op de economie of de financiële of kapitaalmarkten in Nederland, met uitzondering van een ineenstorting van de financiële markten of fundamenteel negatieve ontwikkelingen in de wereldwijde verzekeringsindustrie; (ii) enig(e) natuurramp, pandemie, uitbraak of escalatie van oorlog, sabotage, militair ingrijpen, force majeure, gewapende vijandelijkheden, daden van terrorisme, of enige escalatie of verslechtering van voornoemde situaties; (iii) veranderingen in economische, politieke of marktomstandigheden (met inbegrip van schommelingen in rentepercentages), waaronder begrepen enige nadelige ontwikkeling betreffende de Europese Unie, haar lidstaten (met inbegrip van vertrekkende lidstaten) en de Eurozone (met inbegrip van uit die zone vertrekkende lidstaten); (iv) wijzigingen of voorgestelde wijzigingen van wet- en regelgeving of algemeen geaccepteerde boekhoudprincipes, of de interpretatie of handhaving daarvan, waaronder begrepen enige door De

Nederlandsche Bank, de Nationale Bank van België en de Europese Centrale Bank voorgestelde of doorgevoerde verandering;

(v) enig tekortkomen van Delta Lloyd of de Delta Lloyd Groep aangaande het voldoen aan enig intern of gepubliceerd vooruitzicht, waaronder begrepen solvabiliteitsvooruitzichten, resultaatsverwachtingen of omzet- of winstvoorspellingen (met dien verstande dat de aan de desbetreffende tekortkoming ten grondslag liggende reden mag worden meegewogen bij het bepalen of mogelijk sprake is van een Materieel Negatief Effect);

(vi) het krediet, de financiële draagkracht of andere beoordelingen (*ratings*) van Delta Lloyd of de Delta Lloyd Groep (met dien verstande dat de aan de desbetreffende tekortkoming ten grondslag liggende reden mag worden meegewogen bij het bepalen of mogelijk sprake is van een Materieel Negatief Effect);

(vii) enig Effect als gevolg van een handelen of nalaten van de Bieder, zowel voor als na de datum van de Fusieovereenkomst, waaronder begrepen enig handelen van Delta Lloyd of een lid van de Delta Lloyd Groep met de schriftelijke toestemming van de Bieder (of een niet-handelen in het geval de vereiste toestemming niet wordt verleend) of op instructie van de Bieder of in de nakoming van de Fusieovereenkomst;

(viii) enig Effect als gevolg van (i) het aangaan, uitvoeren en nakomen van de Fusieovereenkomst (met inbegrip van acties die op grond daarvan zijn vereist of verboden), (ii) het aankondigen van de Fusieovereenkomst, het Bod en de Transactie, of (iii) het uitbrengen of uitvoeren van het Bod;

(ix) een inbreuk op de Fusieovereenkomst of toepasselijke wetgeving door de Bieder;

(x) enig door aandeelhouders aanhangig gemaakte juridische procedure met betrekking tot de Transactie;

(xi) enig Effect (met inbegrip van maar niet beperkt tot juridische procedures) dat bij de Bieder bekend was of redelijkerwijs had moeten zijn op de datum van de Fusieovereenkomst,

met dien verstande dat de invloed van enig nadelig

	Effect zoals omschreven in (i), (ii), (iii) en (iv) hierboven zal worden meegewogen bij het bepalen of van een Materieel Negatief Effect sprake is of redelijkerwijs kan zijn indien het desbetreffende Effect een materieel disproportioneel negatief effect heeft op de Bieder en de aan haar Gelieerde Partijen, als geheel genomen en in vergelijking met gelijk gepositioneerde ondernemingen in de sectoren waarin de Bieder en de aan haar Gelieerde Partijen actief zijn; bovendien geldt dat enige informatie die bij de Bieder bekend was of had moeten zijn op de datum van de Fusieovereenkomst, niet als Materieel Negatief Effect zal kwalificeren;
Mededingingsrechtelijke Goedkeuring	eerste fase of tweede fase mededingingsrechtelijke goedkeuring van de Europese Commissie met betrekking tot de Transactie, of, indien relevant, dergelijke goedkeuring van een EU lidstaat wanneer de zaak door de Europese Commissie is verwezen naar een nationale mededingingsautoriteit, welke goedkeuringen het NN Group toestaan de per de Dag van Overdracht aangeboden Aandelen te verkrijgen en het daaraan verbonden stemrecht uit te oefenen;
MET	Midden-Europese Tijd (*CET*);
Minimale Acceptatie Voorwaarde	heeft de betekenis daaraan gegeven in Hoofdstuk 12.8.1(a);
Na-aanmeldingstermijn	een periode van twee (2) weken na afloop van de Aanmeldingstermijn gedurende welke aan Aandeelhouders die hun Aandelen nog niet hebben aangemeld onder het Bod de mogelijkheid wordt geboden dit alsnog te doen, op dezelfde wijze en onder dezelfde voorwaarden als opgenomen in het Biedingsbericht;
NN Group	NN Group N.V., een naamloze vennootschap opgericht naar Nederlands recht, met statutaire zetel te ‘s-Gravenhage, Nederland, en kantoorhoudende te Schenkkade 65, 2595 AS ‘s-Gravenhage, Nederland;
Omwissel- en Betaalkantoor	ABN AMRO Bank N.V.;
Openbaar Bod BAVA	de buitengewone vergadering van aandeelhouders van Delta Lloyd die zal worden gehouden in overeenstemming met artikel 18 paragraaf 1 van het Bob ten minste 6 (zes) Werkdagen voor de Uiterste Dag van Aanmelding;

Peildatum	4 oktober 2016, de laatste handelsdag voor de dag waarop NN Group in een persbericht haar voornemen bekendmaakte om een openbaar bod op de Aandelen uit te brengen voor een prijs van EUR 5,30 (vijf euro en dertig eurocent) per Aandeel (cum dividend);
Potentieel Concurrerend Bod	een ongevraagd schriftelijk voorstel om een (openbaar) bod uit te brengen op alle Aandelen of op de gehele of nagenoeg de gehele onderneming van de Delta Lloyd Groep of een fusie of omgekeerde overname (*reverse takeover*) van Delta Lloyd, gedaan door een *bona fide* derde partij en waarvan naar het redelijke oordeel van Delta Lloyd (met inbegrip van de Delta Lloyd Raad van Commissarissen), na overleg met haar financiële en juridische adviseurs en na, onder andere, de hoogte en samenstelling van de biedprijs, de mate van zekerheid van financiering, de aan het bod verbonden voorwaarden, de integriteit van de onderneming en de positie van werknemers in overweging te hebben genomen, in redelijkheid kan worden verwacht dat het een Concurrerend Bod zal worden;
Toegelaten Instellingen	de bij Euronext Amsterdam en Euronext Brussel aangesloten instellingen;
Toepasselijke Regelgeving	alle toepasselijke wet- en regelgeving, inclusief maar niet beperkt tot de toepasselijke bepalingen van en alle nadere regelgeving en beleidsregels die zijn vastgesteld of anderszins gelding hebben onder de Wft en het Bob, de Europese Marktmisbruik Verordening (596/2014), de beleidsregels en instructies van de AFM, de Wet op de ondernemingsraden, het SER-Besluit Fusiegedragsregels 2015, de regelgeving en beleidsregels van Euronext Amsterdam en Euronext Brussel, het Burgerlijk Wetboek, de Belgische wet op de openbare overnamebiedingen van 1 april 2007, de relevante effecten- en medezeggenschapsregelgeving in andere relevante jurisdicties en alle relevante mededingingswetgeving die van toepassing is op de Transactie;
Transactie	het Bod en alle in verband daarmee overwogen transacties (met inbegrip van de Juridische Fusie);

Uiterste Dag van Aanmelding	de tijd en datum waarop het Bod afloopt, zijnde 17:40 uur MET op 7 april 2017, tenzij de Aanmeldingstermijn is verlengd in overeenstemming met artikel 15 van het Bob, in welk geval de Uiterste Dag van Aanmelding zal zijn de dag waarop de verlengde Aanmeldingstermijn afloopt;
Uitkering	elk (tussentijds) dividend (in contanten of in aandelen) of andere uitkering op de Aandelen;
Voorwaarden	de opschortende voorwaarden met betrekking tot het Bod zoals uiteengezet in Hoofdstuk 12.8.1;
Werkdag	een dag anders dan een zaterdag of zondag waarop banken in Nederland en België, Euronext Amsterdam en Euronext Brussel open zijn voor hun reguliere bedrijfsvoering; en
Wft	Wet op het financieel toezicht.

12.3 Uitnodiging aan de Aandeelhouders

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in de Hoofdstukken 2 (*Restrictions*) en 3 (*Important Information*) van het Biedingsbericht worden Aandeelhouders uitgenodigd om hun Aandelen aan te bieden op de wijze en onder de voorwaarden zoals beschreven in het Biedingsbericht.

12.4 Het Bod

De Bieder brengt het Bod uit teneinde alle Aandelen te verwerven van de Aandeelhouders, onder de voorwaarden en conform de bepalingen en beperkingen zoals opgenomen in het Biedingsbericht.

Op voorwaarde dat het Bod gestand wordt gedaan, zullen de Aandeelhouders de Biedprijs per Aangemeld Aandeel ontvangen. Indien Delta Lloyd tussen de datum van het Biedingsbericht en de Dag van Overdracht een Uitkering doet op de Aandelen, dan zal de Biedprijs worden verminderd met het bedrag van een dergelijke Uitkering (vóór enige toepasselijke belastinginhouding).

De Biedprijs vertegenwoordigt:

- een premie van 31% ten opzichte van de slotkoers van de Aandelen op Euronext Amsterdam op de Peildatum[1];
- een premie van 38% ten opzichte van de gemiddelde slotkoers van de Aandelen op Euronext Amsterdam gedurende een periode van één (1) maand eindigend op de Peildatum;

[1] De slotkoers van de Aandelen op de Peildatum was volgens Bloomberg EUR 4,12.

- een premie van 55% ten opzichte van de gemiddelde slotkoers van de Aandelen op Euronext Amsterdam gedurende een periode van drie (3) maanden eindigend op de Peildatum;

- een premie van 42% ten opzichte van de gemiddelde slotkoers van de Aandelen gedurende de periode tussen de voltooiing van de Delta Lloyd aandelenuitgifte (op 11 april 2016) en de Peildatum;

- een premie van 31% ten opzichte van de gemiddelde slotkoers van de Aandelen (gecorrigeerd voor de aandelenuitgifte) op Euronext Amsterdam gedurende een periode van twaalf (12) maanden eindigend op de Peildatum; en

- een premie van 35% ten opzichte van het gemiddelde van een aantal geselecteerde doelkoersen van de Aandelen afgegeven vóór de Peildatum door 19 analytici die de ontwikkelingen van Delta Lloyd volgen en regelmatig onderzoeksrapporten publiceren (een mediaan van EUR 4,00).

Ter vergelijking, de gemiddelde premie betaald over de genormaliseerde aandelenkoers (slotkoers van het aandeel op de dag voor aankondiging van de transactie of materiële speculatie over een transactie, indien van toepassing) is 40% bij openbare biedingen op 100% van het uitstaande aandelenkapitaal van Nederlandse vennootschappen met een ondernemingswaarde groter dan EUR 2 miljard die in een periode van vijf (5) jaar voorafgaand aan de Peildatum zijn aangekondigd en afgerond. In de selectie van relevante transacties zijn inbegrepen: DE Master Blenders – J.A. Benckiser; Ziggo – Liberty Global; Nutreco – SHV; en TNT – FedEx.

12.5 Biedprijs

Onder de voorwaarde dat het Bod gestand zal worden gedaan, zullen houders die hun Aandelen aanmelden onder het Bod een bedrag ontvangen van EUR 5,40 in contanten voor elk Aandeel dat op juiste wijze is aangemeld (of op onjuiste wijze, indien de Bieder de Aanmelding desalniettemin aanvaardt) en geleverd (de ***Biedprijs***).

De Biedprijs is cum dividend, met uitzondering van de tussentijdse dividenduitkering van EUR 0,10 (tien eurocent) uitbetaald door Delta Lloyd op 8 september 2016. Indien enige Uitkering op de Aandelen wordt vastgesteld door Delta Lloyd (waarbij de registratiedatum die bepalend is voor gerechtigheid tot de desbetreffende Uitkering gelegen is vóór de Dag van Overdracht), zal de Biedprijs worden verminderd met het volledige bedrag van de desbetreffende Uitkering per Aandeel (vóór enige toepasselijke belastinginhouding).

Elke aanpassing van de Biedprijs ten gevolge van een Uitkering zal door middel van een persbericht kenbaar worden gemaakt.

12.6 Rationale achter het bod

De Bieder en Delta Lloyd zijn van mening dat een combinatie van Delta Lloyd en de Nederlandse en Belgische activiteiten van NN Group aantrekkelijk is:

- extra schaal en mogelijkheden zullen leiden tot een betere klantpropositie binnen de Nederlandse pensioenmarkt;

- verdubbeling van de omvang van het niet-leven (*non-life*) verzekeringsbedrijf zal de verzekeringstechnische resultaten en klantbeleving verbeteren;

- de integratie van twee vooraanstaande vermogensbeheerders creëert extra schaal en expertise;

- toegenomen omvang en schaal van het bankbedrijf, waardoor het concurrerend aanbod aan bestaande en nieuwe klanten zal verbeteren; en

- verdubbeling van de aanwezigheid in België, wat zal leiden tot een sterk marktaandeel in levensverzekeringen met een meer gediversifieerd aanbod door middel van extra kanalen.

De Gecombineerde Groep zal beter gepositioneerd zijn de mogelijkheden die technologische innovatie brengt te benutten en zal meer mogelijkheden hebben om beschikbare kennis uit te wisselen, capaciteiten te versterken en talent te ontwikkelen. Voorts zal de Gecombineerde Groep groeiperspectief en mogelijkheden bieden aan werknemers van beide ondernemingen, en gericht zijn op een voortdurende verbetering van de klantenservice en -beleving.

12.7 Financiering van het Bod

Onder verwijzing naar artikel 7, paragraaf 4 van het Bob heeft NN Group op 23 december 2016 aangekondigd over voldoende middelen te beschikken om het Bod te financieren. De Bieder zal het maximale bedrag van EUR 2,5 miljard dat voor het Bod benodigd is, financieren door gebruik te maken van ongeveer EUR 1,4 miljard aan contanten op haar balans en ongeveer EUR 1,1 miljard aan schuld op basis van tegen gangbare voorwaarden met gerenommeerde internationale financiële instellingen gecommitteerde kredietfaciliteiten.

12.8 Voorwaarden, afstand en vervulling

12.8.1 Voorwaarden

Niettegenstaande de andere bepalingen in het Biedingsbericht, is de Bieder verplicht het Bod gestand te doen indien aan elk van de volgende ***Voorwaarden*** wordt voldaan op of voor de Uiterste Dag van Aanmelding, tenzij daarvan afstand wordt gedaan:

(a) op de, al dan niet verlengde, Uiterste Dag van Aanmelding wordt een zodanig aantal Aandelen ter aanvaarding aangemeld dat dit, tezamen met (i) de Aandelen die rechtstreeks of indirect door de Bieder of een aan haar Gelieerde Partij op de Uiterste Dag van Aanmelding worden gehouden (met uitzondering van de Aandelen die worden gehouden door NN Investment Partners (zie ook Hoofdstuk 6.9 (*Respective cross-shareholdings Offeror – Delta Lloyd*)), (ii) de Aandelen die schriftelijk zijn toegezegd aan de Bieder of een aan haar Gelieerde Partij, en (iii) de Aandelen waartoe de Bieder of een aan haar Gelieerde Partij gerechtigd is (tezamen de ***Gecommitteerde Aandelen***), ten minste de Minimale Acceptatie Voorwaarde vertegenwoordigt, waarbij de ***Minimale Acceptatie Voorwaarde*** ofwel (i) 95% is van het geplaatste en uitstaande gewone aandelenkapitaal van Delta Lloyd op volledig verwaterde basis op de Uiterste Dag van Aanmelding, ofwel (ii) indien de algemene vergadering van aandeelhouders van Delta Lloyd de Juridische Fusie heeft goedgekeurd en het Juridische Fusie Besluit op de Uiterste Dag van Aanmelding volledig geldig en van kracht is, 67% is van het geplaatste en uitstaande gewone aandelenkapitaal van Delta Lloyd op volledig verwaterde basis op de Uiterste Dag van Aanmelding;

(b) Mededingingsrechtelijke Goedkeuring is verkregen;

(c) de verklaring van geen bezwaar van De Nederlandsche Bank, de Nationale Bank van België en de Europese Centrale Bank is verkregen;

(d) Delta Lloyd heeft geen inbreuk gemaakt op enige bepaling uit de Fusieovereenkomst, voor zover deze inbreuk (i) materieel negatieve consequenties heeft of redelijkerwijs kan hebben voor Delta Lloyd, NN Group of de Transactie en (ii) niet kan worden hersteld binnen tien (10) Werkdagen na ontvangst door Delta Lloyd van een schriftelijke aanmaning van de Bieder of niet is hersteld binnen tien (10) Werkdagen na ontvangst door Delta Lloyd van een schriftelijke aanmaning van de Bieder;

(e) de Bieder heeft geen inbreuk gemaakt op enige bepaling uit de Fusieovereenkomst, voor zover deze inbreuk (i) materieel negatieve consequenties heeft of redelijkerwijs kan hebben voor Delta Lloyd, NN Group of de Transactie en (ii) niet kan worden hersteld binnen tien (10) Werkdagen na ontvangst door de Bieder van een schriftelijke aanmaning van Delta Lloyd of niet is hersteld binnen tien (10) dagen na ontvangst door de Bieder van een schriftelijke aanmaning van Delta Lloyd;

(f) de Aanbeveling is niet ingetrokken, materieel gewijzigd of gekwalificeerd, anders dan is toegestaan op basis van Hoofdstuk 6.21.3(d) (*Commitment of Delta Lloyd regarding Competing Offers*);

(g) er heeft zich geen Materieel Negatief Effect voorgedaan dat naar verwachting zal voortduren na de Uiterste Dag van Aanmelding;

(h) er is geen Concurrerend Bod aangekondigd of uitgebracht dat wordt aanbevolen door de Delta Lloyd Raden;

(i) Stichting Continuïteit Delta Lloyd (i) heeft haar optierecht om preferente aandelen aan haar te doen uitgeven niet geheel of gedeeltelijk uitgeoefend, of heeft dat optierecht wel geheel of gedeeltelijk uitgeoefend maar in verband met een (potentieel) alternatief voorstel voor overname van of bod op Delta Lloyd, een Potentieel Concurrerend Bod, Concurrerend Bod, of verplicht bod ingevolge artikel 5:70 Wft, door een niet aan de Bieder gelieerde derde partij welke uitoefening niet nadelig is voor de Bieder, en (ii) heeft ingestemd Delta Lloyd te verzoeken alle uitstaande preferente aandelen in te kopen en in te trekken (indien preferente aandelen waren uitgegeven) en heeft, onder de opschortende voorwaarde van gestanddoening van het Bod, ingestemd met de beëindiging van de optieovereenkomst tussen haar en Delta Lloyd;

(j) er is geen mededeling ontvangen van de AFM waarin wordt gesteld dat ingevolge artikel 5:80, paragraaf 2 van de Wft, beleggingsondernemingen niet zullen mogen meewerken aan het Bod; en

(k) geen vonnis of beschikking is uitgesproken en geen maatregel of onderzoek is bevolen, en is van kracht, door enige rechtbank, arbitraal college, regering, overheidsinstantie of andere toezichthoudende of administratieve instantie, en geen statuut, regel, wetgeving, overheidsbeschikking of maatregel is van toepassing verklaard, welke (in elk van voorgaande gevallen) het uitbrengen of afronden van het Bod en/of de Transactie op enige wezenlijke wijze kan beperken of verbieden.

12.8.2 Afstand

(a) De Voorwaarden uiteengezet in Hoofdstukken 12.8.1(a), 12.8.1(b), 12.8.1(c), 12.8.1(d), 12.8.1(f), 12.8.1(g), 12.8.1(h) en 12.8.1(i) zijn uitsluitend opgenomen ten behoeve van de Bieder en daarvan mag, voor zover toegestaan op grond van de wet, te allen tijde (geheel of gedeeltelijk) afstand worden gedaan door de Bieder middels een schriftelijke verklaring aan Delta Lloyd;

(b) De Bieder kan alleen gebruik maken van haar recht om afstand te doen van de Minimale Acceptatie Voorwaarde (zoals weergegeven in 12.8.1(a)) met de toestemming van Delta Lloyd indien de Gecommitteerde Aandelen op de Uiterste Dag van Aanmelding minder vertegenwoordigen dan 67% van het geplaatste en uitstaande gewone aandelenkapitaal van Delta Lloyd op een volledig verwaterde basis;

(c) De Voorwaarde uiteengezet in Hoofdstuk 12.8.1(e) is uitsluitend opgenomen ten behoeve van Delta Lloyd en daarvan mag, voor zover toegestaan op grond van de wet, te allen tijde (geheel of gedeeltelijk) afstand worden gedaan door Delta Lloyd middels een schriftelijke verklaring aan de Bieder;

(d) Van de Voorwaarden uiteengezet in Hoofdstukken 12.8.1(j) en 12.8.1(k) kan geen afstand worden gedaan.

12.8.3 Vervulling van Voorwaarden

De vervulling van elk van de Voorwaarden hangt niet enkel af van de wil van de Bieder, overeenkomstig de in artikel 12, paragraaf 2 van het Bob opgenomen verbodsbepaling.

Zowel de Bieder als Delta Lloyd zal haar best doen om zo snel als redelijkerwijs mogelijk de vervulling van de Voorwaarden te bewerkstelligen. Indien de Bieder of Delta Lloyd op enig moment kennis neemt van een feit of omstandigheid dat/die de vervulling van een Voorwaarde mogelijk zal verhinderen, zal de Bieder Delta Lloyd respectievelijk Delta Lloyd de Bieder daarvan onmiddellijk schriftelijk op de hoogte stellen.

De Bieder verwacht het verzoek om mededingingsgoedkeuring op 10 februari 2017 bij de Europese Commissie in te dienen. Ten aanzien van Voorwaarde 12.8.1(b) (*Mededingingsrechtelijke Goedkeuring*) zal de Bieder haar best doen om deze Voorwaarde zo snel als redelijkerwijs mogelijk in vervulling te doen gaan. Indien door een mededingingsautoriteit een vereiste mededingingsgoedkeuring of verklaring van geen bezwaar wordt gegeven onder bepaalde voorwaarden of verplichtingen, dan zal de Bieder, indien deze voorwaarden en/of verplichtingen redelijkerwijs aanvaardbaar zijn voor de Bieder, deze voorwaarden en/of verplichtingen aanvaarden.

Op 19 januari 2017 en 27 januari 2017 heeft de Bieder een verzoek ingediend voor een verklaring van geen bezwaar bij respectievelijk De Nederlandsche Bank en de Nationale Bank van België. Ten aanzien van Voorwaarde 12.8.1(c) (*Verklaring van geen bezwaar*) zal de Bieder haar best doen om deze Voorwaarde zo snel als redelijkerwijs mogelijk in vervulling te doen gaan. De verklaring van geen bezwaar zal geacht worden te zijn verkregen indien deze door de relevante toezichthoudende autoriteit is verleend onder voorwaarden die redelijkerwijs aanvaardbaar zijn voor de Bieder, waarbij de Bieder redelijk zal handelen.

Ten aanzien van Voorwaarde 12.8.1(g) zijn de Bieder en Delta Lloyd een bindend advies procedure overeengekomen, voor het geval dat de Bieder meent dat de Voorwaarde niet is vervuld en Delta Lloyd het daar niet mee eens is.

12.9 Aanmelding

12.9.1 Aanmeldingstermijn

De aanmeldingstermijn vangt aan om 09:00 uur MET op 3 februari 2017 en eindigt op 7 april 2017 om 17:40 uur MET (de ***Aanmeldingstermijn***), tenzij de Aanmeldingstermijn wordt verlengd in overeenstemming met Hoofdstuk 12.9.3 (*Verlenging*).

Aandelen die reeds zijn aangemeld op of voorafgaand aan de Uiterste Dag van Aanmelding blijven onderworpen aan het Bod gedurende een verlenging van de Aanmeldingstermijn, behoudens het wettelijke recht van een Aandeelhouder uit hoofde van het Bob om de Aandelen die hij of zij reeds heeft aangemeld in te trekken.

Indien aan alle voorwaarden van het Bod is voldaan of, voor zover van toepassing, daarvan afstand is gedaan, zal de Bieder alle Aandelen aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en niet zijn ingetrokken, met inachtneming van de procedures zoals uiteengezet in Hoofdstuk 12.10 (*Aanvaarding door Aandeelhouders*).

12.9.2 Gestanddoening

Het Bod wordt gedaan onder voorbehoud van de vervulling van de Voorwaarden zoals uiteengezet in Hoofdstuk 12.8 (*Voorwaarden, afstand en vervulling*). Van de Voorwaarden kan afstand worden gedaan, voor zover wettelijk toegestaan, zoals uiteengezet in Hoofdstuk 12.8 (*Voorwaarden, afstand en vervulling*). Indien de Bieder of Delta Lloyd voornemens is (geheel of gedeeltelijk) afstand te doen van één of meerdere Voorwaarden in overeenstemming met het bepaalde in Hoofdstuk 12.8.2 (*Afstand*), zal de Bieder daarvan kennis geven aan de Aandeelhouders zoals voorgeschreven door de Toepasselijke Regelgeving.

De Bieder zal niet later dan op de derde (3e) Werkdag in Nederland na de Uiterste Dag van Aanmelding vaststellen of aan de Voorwaarden is voldaan dan wel daarvan (voor zover wettelijk toegestaan) afstand is gedaan als uiteengezet in Hoofdstuk 12.8, welke dag de ***Dag van Gestanddoening*** zal zijn. Bovendien zal de Bieder op de Dag van Gestanddoening een openbare mededeling doen inhoudende dat ofwel (i) het Bod gestand wordt gedaan, ofwel (ii) het Bod wordt verlengd in overeenstemming met artikel 15 van het Bob, ofwel (iii) het Bod wordt ingetrokken omdat niet is voldaan aan de Voorwaarden en daarvan geen afstand is gedaan, een en ander met inachtneming van artikel 16 van het Bob en de Fusieovereenkomst. Indien het Bod niet gestand wordt gedaan, zal de Bieder dat besluit motiveren.

Indien de Bieder aankondigt het Bod gestand te doen, zal de Bieder de Aangemelde Aandelen accepteren tegen betaling van de Biedprijs en zal zij een Na-aanmeldingstermijn aankondigen zoals uiteengezet in Hoofdstuk 12.9.4. (*Na-aanmeldingstermijn*).

12.9.3 Verlenging

Indien één of meer van de Voorwaarden als uiteengezet in Hoofdstuk 12.8 (*Voorwaarden, afstand en vervulling*) niet is vervuld op de Uiterste Dag van Aanmelding en van de desbetreffende Voorwaarde(n) geen afstand is gedaan, kan de Bieder, na voorafgaand overleg met Delta Lloyd en in overeenstemming met artikel 15, paragraaf 1 en 2 van het Bob, de Aanmeldingstermijn verlengen voor een periode van minimaal twee (2) weken en maximaal tien (10) weken teneinde deze Voorwaarden in vervulling te doen gaan of daarvan afstand te doen. Indien de Voorwaarde uiteengezet in Hoofdstuk 12.8.1(b) (*Mededingingsrechtelijke Goedkeuring*) of de Voorwaarde uiteengezet in Hoofdstuk 12.8.1(c) (*Verklaring van geen bezwaar*) niet is vervuld en daarvan geen afstand is gedaan omdat de verklaring van geen bezwaar van De Nederlandsche Bank, de Nationale Bank van België of de Europese Centrale Bank niet is verkregen op de Uiterste Dag van Aanmelding, zal de Bieder de aanvankelijke Aanmeldingstermijn verlengen met één of meerdere perioden (wat betreft verlenging met meerdere perioden voor zover daarvoor op verzoek van de Bieder goedkeuring is verleend door de AFM) voor zolang als de Bieder en Delta Lloyd redelijkerwijs nodig achten om de desbetreffende Voorwaarde in vervulling te doen gaan.

Verlenging van de Aanmeldingstermijn kan in ieder geval éénmalig (verlenging voor meer dan één periode is onder voorbehoud van goedkeuring van de AFM, welke alleen in uitzonderlijke omstandigheden gegeven zal worden). Ingeval van een dergelijke verlenging zullen alle verwijzingen in het Biedingsbericht naar 17:40 uur MET op de Uiterste Dag van Aanmelding, wijzigen naar de laatste datum en tijd van de verlengde Aanmeldingstermijn, tenzij uit de context anderszins blijkt.

Gedurende een verlenging van de Aanmeldingstermijn blijft elk Aandeel dat is aangemeld en niet is ingetrokken onderworpen aan het Bod, behoudens het wettelijke recht van elke Aandeelhouder uit hoofde van het Bob om de aanmelding van Aandelen die hij of zij reeds heeft gedaan, terug te trekken.

12.9.4 Na-aanmeldingstermijn

Indien de Bieder aankondigt het Bod gestand te doen, zal de Bieder in overeenstemming met artikel 17, paragraaf 3 van het Bob binnen drie (3) Nederlandse Werkdagen na de Dag van Gestanddoening een Na-aanmeldingstermijn aankondigen van twee (2) weken, gedurende welke Aandeelhouders hun Aandelen die zij nog niet hadden aangemeld alsnog onder dezelfde voorwaarden onder het Bod mogen aanmelden.

De Bieder zal de resultaten van de Na-aanmeldingstermijn en het totale aantal en percentage van de door haar gehouden Aandelen uiterlijk op de derde (3^e) Werkdag na afloop van de Na-aanmeldingstermijn publiekelijk bekend maken, in overeenstemming met artikel 17, paragraaf 4 van het Bob. Overdracht en betaling van Aandelen die zijn aangemeld en aanvaard gedurende de Na-aanmeldingstermijn zal plaatsvinden binnen drie (3) Werkdagen na afloop van de Na-aanmeldingstermijn.

Gedurende de Na-aanmeldingstermijn hebben Aandeelhouders niet het recht hun Aandelen in te trekken, ongeacht of de desbetreffende Aandelen op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de Aanmelding desalniettemin heeft aanvaard) tijdens de Aanmeldingstermijn of tijdens de Na-aanmeldingstermijn.

12.9.5 Overdracht

Indien de Bieder aankondigt het Bod gestand te doen, zullen Aandeelhouders die hun Aandelen hebben aangemeld en aan de Bieder hebben geleverd, binnen drie (3) Werkdagen na de Dag van Gestanddoening (welke dag de ***Dag van Overdracht*** is) de Biedprijs ontvangen voor elk Aangemeld Aandeel.

12.10 Aanvaarding door Aandeelhouders

Aandeelhouders die hun Aandelen houden via een Toegelaten Instelling worden gevraagd om hun Aanmelding via hun bank of commissionair niet later dan op de Uiterste Dag van Aanmelding om 17:40 uur MET bekend te maken, tenzij de Aanmeldingstermijn is verlengd overeenkomstig Hoofdstuk 12.9.3 (*Verlenging*). De relevante bank of commissionair kan een eerdere deadline vaststellen voor Aanmelding door Aandeelhouders zodat deze bank of commissionair voldoende tijd heeft om de Aanmelding door te geven aan het Omwissel- en Betaalkantoor, aan welke deadline de desbetreffende Aandeelhouders zich dienen te houden.

De desbetreffende Toegelaten Instellingen mogen de Aanmeldingen slechts schriftelijk indienen bij het Omwissel- en Betaalkantoor. Bij het indienen van de Aanmeldingen dient iedere Toegelaten Instelling te verklaren dat (i) zij de Aangemelde Aandelen in haar administratie heeft opgenomen, (ii) de betrokken Aandeelhouder onherroepelijk garandeert dat (a) de Aanmelding wordt gedaan met inachtneming van alle restricties die worden genoemd in de Hoofdstukken 2 (*Restrictions*) en 3 (*Important Information*) van het Biedingsbericht en (b) zij niet, direct of indirect, onderwerp of doelwit is van enige economische of financiële sanctie opgelegd of afgedwongen door enige overheidsinstantie van de Verenigde Staten, de Europese Unie, enige lidstaat van de Europese Unie of van de Verenigde Naties, anders dan uitsluitend ten gevolge van de opname in of eigendom door een persoon die is opgenomen in de “US Sectoral Sanctions Identifications (SSI) List” of Bijlage III, IV, V of VI van de Verordening (EU) Nr. 833/2014 van de Raad van 31 juli 2014, als gewijzigd, en (iii) zij zich verplicht om de aangemelde Aandelen uiterlijk op de Dag van Overdracht te leveren aan de Bieder, onder de voorwaarde dat het Bod gestand is gedaan.

12.11 Besluitvorming en aanbeveling van de Delta Lloyd Raad van Bestuur en de Delta Lloyd Raad van Commissarissen

De Delta Lloyd Raad van Bestuur en de Delta Lloyd Raad van Commissarissen (met en zonder de aanwezigheid van de Delta Lloyd Raad van Bestuur) zijn vanaf het moment dat NN

Group voor het eerst haar interesse in Delta Lloyd kenbaar maakte op zeer regelmatige basis bijeengekomen om de voorbereidingen, ontwikkelingen en voortgang van het Bod te bespreken, evenals de aan belangrijke beslissingen in verband met het Bod ten grondslag liggende overwegingen. De beslissing van de Delta Lloyd Raad van Bestuur om met NN Group de Fusieovereenkomst overeen te komen is genomen met voorafgaande toestemming van de Delta Lloyd Raad van Commissarissen en na zorgvuldig beraad (met inbegrip van overleg met adviseurs).

De Delta Lloyd Raden hebben van gerenommeerde internationale financiële adviseurs fairness opinions ontvangen inhoudende dat per 23 december 2016 de Biedprijs of de bij de Juridische Fusie te hanteren ruilverhouding, zoals van toepassing, redelijk (*fair*) was jegens de Aandeelhouders vanuit financieel oogpunt.

Onder verwijzing naar bovenstaande en met inachtneming van de bepalingen van het Biedingsbericht, (i) ondersteunen de Delta Lloyd Raden het Bod en de Juridische Fusie, (ii) bevelen de Delta Lloyd Raden de Aandeelhouders aan om het Bod te aanvaarden en hun Aandelen onder het Bod aan te melden, en (iii) bevelen de Delta Lloyd Raden aan om op de Openbaar Bod BAVA vóór alle in verband met het Bod te nemen besluiten en op de Juridische Fusie BAVA vóór het besluit tot Juridische Fusie te stemmen (de ***Aanbeveling***).

12.12 Toezeggingen

Onder de voorwaarden dat (i) het Bod gestand is gedaan, (ii) het Bod is gedaan tegen de Biedingsprijs, en (iii) de Fusieovereenkomst niet rechtsgeldig is beëindigd, heeft ieder lid van de Delta Lloyd Raden onherroepelijk toegezegd alle door hem/haar gehouden Aandelen aan te bieden onder het Bod tegen dezelfde voorwaarden die van toepassing zijn op alle andere Aandeelhouders. Onder dezelfde voorwaarden zal ieder lid van de Delta Lloyd Raad van Bestuur op de Openbaar Bod BAVA en de Juridische Fusie BAVA vóór alle in verband met het Bod te nemen besluiten stemmen.

De leden van de Delta Lloyd Raden hebben geen informatie ontvangen die relevant is voor een aandeelhouder ten aanzien van het Bod welke niet in het Biedingsbericht is opgenomen. De leden van de Delta Lloyd Raden zullen hun Aandelen onder dezelfde voorwaarden als de andere Aandeelhouders aanbieden onder het Bod.

12.13 Aankondigingen

Iedere aankondiging met betrekking tot het Bod zal worden gedaan door middel van het uitbrengen van een persbericht welke ter beschikking zal worden gesteld op de website van NN Group (indien de Bieder of NN Group de desbetreffende aankondiging doet) dan wel op de website van Delta Lloyd (indien Delta Lloyd de desbetreffende aankondiging doet), en, voorzover vereist, openbaar worden gemaakt in België door middel van een supplement bij het Biedingsbericht conform artikel 17 van de Belgische wet op de openbare overnamebiedingen van 1 april 2007.

Onder voorbehoud van de wettelijke vereisten op grond van de Toepasselijke Regelgeving en zonder afbreuk te doen aan de keuzevrijheid van de Bieder ten aanzien van de wijze waarop de Bieder een publieke aankondiging doet, zal op de Bieder geen enkele verplichting rusten om een publieke aankondiging te doen anders dan zoals uiteengezet in het Biedingsbericht.

12.14 Beoogd tijdschema

Verwachte datum en tijd	Gebeurtenis
07:00 uur MET, 2 februari 2017	Publicatie van het persbericht met betrekking tot de verkrijgbaarstelling van het Biedingsbericht en de aanvang van het Bod
09:00 uur MET, 3 februari 2017	Aanvang van de Aanmeldingstermijn
10:30 uur MET, 29 maart 2017	Openbaar Bod BAVA, op welke vergadering onder andere het Bod zal worden besproken en zal worden gestemd over de besluiten waarnaar wordt verwezen in Hoofdstuk 6.19.1 (*Offer EGM*)
Onmiddellijk na Openbaar Bod BAVA op 29 maart 2017	Juridische Fusie BAVA, op welke vergadering zal worden gestemd over het besluit waarnaar wordt verwezen in Hoofdstuk 6.19 (*Legal Merger EGM*)
17:40 uur MET, 7 april 2017	Uiterste Dag van Aanmelding: Uiterste datum waarop Aandeelhouders hun Aandelen kunnen aanmelden, tenzij de termijn wordt verlengd in overeenstemming met artikel 15 van het Bob of nadat goedkeuring is ontvangen van de AFM in overeenstemming met artikel 5:81, paragraaf 3 van de Wft
Uiterlijk drie (3) Nederlandse Werkdagen na de Uiterste Dag van Aanmelding	Dag van Gestanddoening: De dag waarop de Bieder zal aankondigen of het Bod al dan niet gestand wordt gedaan in overeenstemming met artikel 16 van het Bob
Uiterlijk drie (3) Werkdagen na de Dag van Gestanddoening	Na-aanmeldingstermijn: Indien het bod gestand is gedaan, zal de Bieder de Na-aanmeldingstermijn afkondigen (voor een periode van twee (2) weken) in overeenstemming met artikel 17 van het Bob

Uiterlijk drie (3) Werkdagen na de Dag van Gestanddoening	Dag van Overdracht: De dag waarop, overeenkomstig de voorwaarden van het Bod, de Bieder de Biedprijs zal betalen voor elk Aangemeld Aandeel

13. SELECTED CONSOLIDATED FINANCIAL INFORMATION DELTA LLOYD

13.1 Selected consolidated financial information of Delta Lloyd

The selected consolidated financial information has been derived from the 2015 and 2014 Financial Statements of Delta Lloyd. Reading the selected consolidated financial information is not a substitute for reading the audited Financial Statements of Delta Lloyd. The Delta Lloyd Financial Statement of 2015 is included in Section 13.10 (*Audited Financial Statements 2015*). Retrospective adjustments, relating to changes in accounting policies, for the financial year 2013 have been included in the selected consolidated financial information. The implementation of IFRS 10 had a significant impact on the 2013 figures and as such, the adjusted comparative of the 2013 figures presented in the 2014 Financial Statements of Delta Lloyd were included in the selected consolidated information.

13.2 Basis of Preparation

The selected consolidated financial information of Delta Lloyd is presented as originally reported in Delta Lloyd's audited consolidated financial statements for the financial years 2015 and 2014.

Delta Lloyd has prepared their audited consolidated financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Delta Lloyd uses the EU carve-out on hedge accounting for its banking activities in Belgium since 1 July 2012, and the Netherlands since 1 May 2015.

In the Financial Statements of Delta Lloyd assets and liabilities are measured at historical cost, unless stated otherwise. However, Delta Lloyd does measure most of its financial assets, some of its liabilities for investment contracts and selected borrowings as at fair value through profit or loss. In connection, Delta Lloyd measures most of its insurance liabilities applying current market interest rates. Where applicable, assets are shown net of impairment. Income and expenses are allocated in accordance with the matching principle. Expenses are accounted for in the expense category to which they relate. Expenses related to the acquisition of new business are classified as acquisition costs for insurance and investment contracts. Derivative financial instruments are measured as at fair value through profit or loss irrespective of their duration.

Retrospective adjustments, relating to changes in accounting policies, for the financial year 2015 and 2014 have not been included in the selected consolidated financial information. The following changes in accounting policies and reclassification have a noteworthy influence on the comparability of the financial statements:

- Reclassification of certain deferred tax positions to provide a better view of the net deferred tax position per fiscal entity in line with IAS 12 as disclosed in the paragraph 4.1.6.2. Financial impact of changes in accounting policies and disclosures of the audited consolidated financial statements 2015.

For a better understanding of Delta Lloyd’s financial position and results, the selected consolidated financial information should be read in conjunction with the Financial Statements of 2015 and 2014 of Delta Lloyd.

13.3 Consolidated statement of financial position for the financial years 2015, 2014 and 2013

in millions of euros	31 December 2015	31 December 2014	31 December 2013
Goodwill	269.2	290.4	283.5
AVIF and other intangible assets	90.9	104.2	99.8
Deferred acquisition costs	109.9	117.0	137.8
Property and equipment	55.1	102.2	105.8
Investment property	1,052.2	1,525.6	2,181.2
Associates and joint ventures	278.9	338.3	296.9
Deferred tax assets	478.4	352.9	1,080.1
Debt securities	28,342.1	28,676.9	25,060.1
Equity securities	2,169.3	2,889.5	3,299.8
Derivatives	1,675.9	2,239.3	1,173.0
Loans at fair value through profit or loss	5,235.9	5,525.3	5,784.0
Loans and receivables at amortised cost	10,676.9	9,924.4	12,194.4
Investments at policyholders' risk	14,604.0	14,189.3	12,846.0
Third party interests in consolidated investment funds	3,371.2	3,964.6	4,649.7
Reinsurance assets	562.1	649.5	554.0
Receivables and other financial assets	1,376.8	1,636.7	1,976.0
Current tax assets	47.8	43.7	71.2
Accrued interest and prepayments	539.0	561.1	639.4
Cash and cash equivalents	2,503.4	2,642.0	1,146.6
Assets held for sale	29.2	12,151.0	6,725.1
Total assets	**73,468.2**	**87,923.8**	**80,304.5**
Total capital and reserves	2,568.9	2,468.4	2,620.6
Non-controlling interests	253.8	277.9	309.4
Total shareholders' funds	2,822.6	2,746.2	2,930.0
Insurance liabilities	45,789.9	45,662.4	44,340.7
Liabilities for investment contracts	6,304.5	6,154.3	4,817.0
Pension obligations	2,501.6	2,616.1	2,030.4
Provisions for other liabilities	58.6	189.6	79.2
Deferred tax liabilities	35.8	42.7	704.7
Current tax liabilities	63.8	45.3	161.0
Subordinated debt	1,352.4	1,332.8	682.3
Securitised mortgages loan notes	2,223.2	3,104.0	3,914.2
Other borrowings	740.5	886.1	731.9
Derivatives	991.9	1,174.4	1,357.2
Investments at policyholders' risk	21.7	16.1	11.4
Third party interests in consolidated investment funds	3,371.2	3,964.6	4,649.7
Customer savings and deposits	5,063.0	5,812.1	4,730.4
Other financial liabilities	122.8	259.8	633.6
Other liabilities	2,004.6	2,300.5	2,094.8
Liabilities relating to assets held for sale	-	11,616.8	6,435.9
Total liabilities	**70,645.5**	**85,177.6**	**77,374.5**
Total shareholders' funds and liabilities	**73,468.2**	**87,923.8**	**80,304.5**

13.4 Consolidated income statement for the financial years 2015, 2014 and 2013

In millions of euros	**2015**	**2014**	**2013**
Gross written premiums	4,038.3	3,963.3	4,757.5
Outward reinsurance premiums	-162.5	-335.9	-173.2
Net written premiums	3,875.9	3,627.5	4,584.3
Change in unearned premiums provision	0.4	59.8	71.9
Net premiums earned	3,876.3	3,687.3	4,656.2
Investment income	1,753.8	9,816.4	977.0
Share of profit or loss after tax of associates	82.6	73.4	-14.6
Net investment income	1,836.4	9,889.9	962.4
Fee and commission income	298.7	293.1	289.6
Other income	63.2	6.6	42.9
Total investment and other income	2,198.3	10,189.6	1,294.9
Total income	**6,074.6**	**13,876.9**	**5,951.0**
Net claims and benefits paid	3,878.0	3,945.1	3,813.6
Change in insurance liabilities	-213.8	6,974.5	-244.2
Charge to financial liability on behalf of third party interest in consolidated investment funds	487.3	660.6	372.0
Expenses relating to the acquisition of insurance, investment and other contracts	621.4	618.8	680.3
Finance costs	362.5	493.7	425.6
Other operating expenses	788.8	716.0	658.9
Total expenses	**5,924.2**	**13,408.7**	**5,706.2**
Result before tax from continuing operations	**150.4**	**468.2**	**244.8**
Income tax	9.6	87.8	36.5
Result after tax from discontinued operations	0.6	-22.5	-13.0
Net result	**140.2**	**402.8**	**221.4**
Attributable to:			
Delta Lloyd NV shareholders	128.1	361.1	183.3
Non-controlling interests	12.1	41.7	38.1

13.5 Consolidated cash flow statement for the financial years 2015, 2014 and 2013

In millions of euros	2015	2014	2013
Net result			
Net result	140.2	402.8	221.4
Of which is result from discontinued operations	-0.6	22.5	13.0
Adjustments for:			
Income tax expense	20.0	81.8	36.5
Depreciation, amortisation, impairments and revaluation of items not at fair value	415.5	313.6	451.4
Unrealised gains and losses	2,241.5	-6,580.1	2,286.6
Change in provisions for insurance and investment contracts net of reinsurance	269.7	7,379.4	-320.6
Change in liability for third party interests in consolidated investments funds	-688.1	-649.9	313.0
Share of profit or loss and other non-cash items from associates and joint ventures	-82.2	-198.5	-132.6
Other non-cash movements	-	-	-
Cash generating profit for the year	2,316.6	749.2	2,855.7
Net (increase) / decrease in investment property	530.5	23.6	-95.9
Net (increase) / decrease in other financial liabilities	-703.7	-103.0	-1,296.3
Net (increase) / decrease intangible assets	-3.0	-28.5	-7.0
Income taxes (paid) / received	-88.1	-15.0	-55.5
Net (increase) / decrease in other operating assets and liabilities	-233.6	996.0	-160.5
Net cash flow from operating activities, including discontinued operations	**1,818.7**	**1,622.4**	**1,240.5**
Of which is cash flow from operating activities of discontinued operations	-51.8	78.9	22.5
Cash flow from investing activities			
Net (increase) / decrease in debt securities	-1,919.0	-1,265.3	-2,164.7
Net (increase) / decrease in equity securities	435.0	328.8	897.8
Net (increase) / decrease in derivatives	-66.9	283.0	-13.6
Net (increase) / decrease in investments at policyholders' risk	-700.1	-847.4	178.5
Net (increase) / decrease in third party interest in investment funds	543.3	873.6	-580.8
Net (increase) / decrease in loans and other financial assets	299.3	367.0	18.3
Purchases of property and equipment	-12.7	-14.6	-8.8
Proceeds from sale of property and equipment	0.1	-	1.1
Dividends received from associates	26.6	-	68.8
Acquisition of and capital injection associates	-	-8.9	-109.0
Disposal of and capital withdrawal associates	75.9	166.0	31.3
Proceeds from sale of subsidiaries	-173.2	-	-
Net cash flow from investing activities, including discontinued operations	**-1,491.6**	**-117.7**	**-1,681.2**
Of which is cash flow from investing activities of discontinued operations	80.3	-110.2	-22.5

In millions of euros	2015	2014	2013
Cash flow from financing activities			
Proceeds from borrowings	534.3	2,918.5	790.8
Repayment of borrowings	-1,545.3	-2,949.1	-1,785.8
Issue of share capital	336.9	-	62.4
Dividends paid to shareholders	-113.0	-65.4	-68.0
Dividends paid to non-controlling interests	-40.3	-80.9	-34.0
Net cash flow from financing activities, including discontinued operations	**-827.4**	**-177.0**	**-1,034.6**
Of which is cash flow from financing activities of discontinued operations	-	-	-
Net (decrease) / increase in cash and cash equivalent, including discontinued operations	-500.3	1,327.6	-1,475.3
Of which is net (increase / decrease) in cash and cash equivalent of discontinued operations	28.5	-31.3	0.0
Statement of changes in cash and cash equivalents:			
Cash and cash equivalents at beginning of year	3,135.5	1,807.8	3,283.2
Net (decrease) / increase in cash and cash equivalents	-500.3	1,327.7	-1,475.3
Total cash and cash equivalents at 31 December	**2,635.3**	**3,135.5**	**1,807.8**
Cash and cash equivalents:			
Consolidated statement of financial position, own risk	2,503.4	2,642.0	1,146.6
Assets held for sale, own risk	-	337.8	129.1
Risk reward policyholder and third party investment funds	131.9	155.8	532.1
Total cash and cash equivalents at 31 December	**2,635.3**	**3,135.5**	**1,807.8**
Further details on cash flow from operating activities			
Interest paid	351.9	484.0	-445.7
Interest received	1,731.1	1,862.1	1,629.4
Dividends received	277.1	250.4	-347.2

13.6 Independent auditor's report of EY on the selected consolidated financial information of Delta Lloyd

Independent auditor's report on the selected consolidated financial information of Delta Lloyd N.V.

To: the shareholders and supervisory board of Delta Lloyd N.V.

We refer to the selected consolidated financial information of Delta Lloyd N.V., as included in Section 13 Selected Consolidated Financial Information Delta Lloyd of this Offer Memorandum. The financial figures for the years 2013, 2014 and 2015 of this selected consolidated financial information, comprising the consolidated statements of financial position as at December 31, 2013, December 31, 2014 and December 31, 2015, consolidated income statements and consolidated cash flow statements for the years then ended, are derived from the audited consolidated financial statements of Delta Lloyd N.V. for the years 2014 and 2015. We expressed an unqualified audit opinion on the consolidated financial statements for the years ended December 31, 2014 and December 31, 2015 in our independent auditor's reports dated March 20, 2015 and February 23, 2016 respectively. These consolidated financial statements, and the selected consolidated financial information, do not reflect the effects of events that occurred subsequent to the date of our report on these financial statements.

The selected consolidated financial information as included in Section 13 Selected Consolidated Financial Information Delta Lloyd of the Offer Memorandum does not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and by Part 9 of Book 2 of the Netherlands Civil Code. Reading the selected consolidated financial information, therefore, is not a substitute for reading the audited consolidated financial statements of Delta Lloyd N.V.

Management's responsibility

Management is responsible for the preparation of the selected consolidated financial information, in accordance with the criteria as set out in the "Basis for preparation paragraph" in Section 13 Selected Consolidated Financial Information Delta Lloyd.

Auditor's responsibility

Our responsibility is to express an opinion on the selected consolidated financial information for the years ended December 31, 2015, December 31, 2014 and December 31, 2013 comprising the consolidated statements of financial position, consolidated income statements and consolidated cash flow statements of Delta Lloyd N.V. based on our procedures, which were conducted in accordance with Dutch law, including the Dutch Standard on Auditing 810 "Engagements to report on summary financial statements".

Opinion

In our opinion, the selected consolidated financial information for the years ended December 31, 2015, December 31, 2014 and December 31, 2013 as included in Section 13 Selected Consolidated Financial Information Delta Lloyd of this Offer Memorandum and as derived from the audited 2014 and 2015 consolidated financial statements of Delta Lloyd N.V. is consistent, in all material respects, with these financial statements, in accordance with the criteria as set out in the "Basis for preparation paragraph" in Section 13 Selected Consolidated Financial Information Delta Lloyd.

Restriction on use

The selected consolidated financial information and our independent auditor’s report thereon are intended solely for enclosure in the Offer Memorandum in connection with the recommended cash offer by NN Group N.V., for all issued and outstanding ordinary shares with a nominal value of EUR 0.20 each in the share capital of Delta Lloyd N.V. and cannot be used for other purposes.

Amsterdam, 2 February 2017

Ernst & Young Accountants LLP

Signed by J. Niewold

13.7 Unaudited and not reviewed information for the first 9 months of the financial year 2016

delta lloyd

Interim management statement
First nine months of 2016

Amsterdam, 16 November 2016

Taking action to deliver value

- Solvency ratio of 156%, *pro forma* for announced actions: 165%[1] (half year 2016: 173%), well placed within target range despite market headwinds
- Value of new business of € 27 million, reflecting stable margins and reduced volumes. Taking action on product design and pricing
- Combined ratio (COR) of 103.1%, in the first 9 months reflecting exceptional weather in June, COR for this quarter was satisfactory at 97.7%, executing on pricing and cost reduction
- Gross written premiums in GI increased to € 1,135 million (9M 2015: € 1,068 million), exiting unprofitable and unattractive business segments
- On track to deliver on operational expenses target of € 610 million in 2016 and reducing target for 2018 to below € 530 million, reflecting progress and ambition on required cost reduction
- Committed to a targeted total cash dividend of € 130 million for 2016, to be determined in February 2017
- NN Group have reconfirmed their intention to make a public offer for Delta Lloyd. We have engaged with NN Group on their proposal and the benefits of a transaction

Hans van der Noordaa, Chairman of the Executive Board:

"We are taking action on our management priorities of capital, performance and customer. We have a clear capital management framework and our capital position is well placed in our target range, despite market headwinds. Our business is strong and we are taking decisive action to improve our performance. We expect to see the first results of these actions in 2017. We need to improve further our cost efficiency and we are lowering our operational expenses target for 2018 by € 30 million to € 530 million.
NN recently reconfirmed its intention to make a public offer for Delta Lloyd. We have engaged with NN on their proposal and the benefits of a transaction a number of times. We are not opposed to transactions that will create value for our shareholders and deliver benefits to other stakeholders."

Key performance indicators

(in millions of euros, unless otherwise stated)	9M 2016	9M 2015	Change
Solvency II Standard formula (SF) ratio	156%*	131%**	25pp
Shareholders' funds	3,450	2,569**	34%
Solvency II Life value new business	27	n.a.	n.a.
Solvency II NAPI	390	441	-12%
Combined ratio	103.1%	96.6%	6.6pp
GWP General Insurance	1,135	1,068	6%

* Pro forma Solvency II Standard formula ratio 165%

** Year-end 2015

[1] This figure includes the benefit of closing an unwanted duration gap at Delta Lloyd Leven (4pp) during October and the announced merger of our Belgian and Dutch Life activities (5pp), expected to close early 2017

Overview of first nine months of 2016

We continue to make good progress on our management priorities of capital, performance and customer. During the first nine months of 2016, we have substantially improved the group's capital position. In the first half, we successfully executed the rights issue, the sale of our shareholding in Van Lanschot and ALM actions. During the third quarter, we continued to deliver on management actions, including the announced merger of our Belgian and Dutch life activities, which is to provide a 5pp uplift from 2017. As anticipated, our SF solvency ratio has decreased to 156%, equivalent to 165% pro forma for announced actions, from 173% at end June, reflecting market headwinds. In particular the effect of a lower volatility adjustment and normalising markets after the 'safe haven' credit spread movements, arising following the Brexit referendum, faded. Markets remain volatile and there are ongoing regulatory developments, therefore we need to continue to improve the quality of our capital. In this respect, the implementation of the Partial Internal Model (PIM), which is on track for introduction in 2018, is critical.

Enhancing our business performance is another management priority. Our business is solid, but operational performance needs improvement, including further necessary cost reduction. During the first nine months, our commercial performance was mixed. In Life, value of new business (SII VNB) was € 27 million, and we are taking action to reduce costs and to improve pricing discipline and product design. We were satisfied our market share in defined contribution (DC) pension plans remained stable, despite a lower market volume. The combined ratio for the first nine months was 103.1% after a difficult half-year. Volumes in GI were up, and we are taking action to reduce costs and announce our exiting several unprofitable and unattractive business segments. Further cost reduction is critical to delivering acceptable returns. We are on track for 2016 and we have updated our operational expenses target to € 530 million from € 560 million in 2018. The proposed new pension scheme for Delta Lloyd employees will result in a pension obligation at stable, predictable costs.

We aim to be the preferred insurer for our customers and financial advisors, with a focus on excellent online distribution capabilities. We measure progress in customer preference by Net Promoter Score (NPS) and in preference among financial advisors through performance surveys. We were pleased to see that customer satisfaction (based on NPS score) for both OHRA and Delta Lloyd retail customers continued to show an upward trend during the period. At end September, 30% of the targeted Delta Lloyd customers actively used our online portals. At OHRA, 65% of its targeted customers interacted with OHRA online.

Supporting our ambition to create a positive sustainable impact, S&P Dow Jones Indices and RobecoSAM announced that Delta Lloyd has once again been included in the Dow Jones Sustainability Index (DJSI) World and the DJSI Europe.

Current developments

Delta Lloyd received an unsolicited and conditional proposal from NN Group for a possible cash offer at €5.30 per ordinary share on 2 October 2016. NN Group announced this proposal on 5 October and the Boards of Delta Lloyd rejected this proposal on 7 October 2016. The Boards of Delta Lloyd are of the view that the proposal announced by NN Group on 5 October 2016 substantially undervalues Delta Lloyd, its prospects and its strategic opportunities and fails to reflect an appropriate share of the benefits of Dutch consolidation. After this rejection, Delta Lloyd and NN Group engaged in a number of discussions and meetings including senior management of both companies, to discuss a potential transaction and to share its estimates of the substantial cost and capital benefits that a combination could deliver. Such interactions are ongoing.

Delta Lloyd estimates that a transaction with NN Group could deliver cost synergies of approximately € 200 million per year over and above our existing cost savings plans updated today. Delta Lloyd also estimates there to be substantial capital and other financial benefits from a combination with NN Group, including one off diversification and tax related capital benefits, the accelerated usage of the partial internal Solvency II model, financing, reinsurance and re-risking earnings uplifts. Delta Lloyd will make further announcements if and when required.

Outlook

We remain committed to a targeted total cash dividend of € 130 million for the year 2016 and to delivering on the targeted Solvency II net capital generation of € 200-250 million per year over time. Alongside the interim dividend paid at half-year, the final dividend will be determined in February 2017, taking into account our capital position and performance, market and regulatory developments. We are on track to meet our operational expenses target for 2016 and we have raised our ambition for 2018. We expect to receive a license for the general pension fund (APF) this year, which will contribute to building profitable volume in a sizeable market.

Capital management

- Solvency II Standard Formula (SF) solvency ratio decreased to 156% or 165% on a pro-forma basis (half year 2016: 173%)
- Solvency II net capital generation was € 119 million, after impact of exceptional weather of € 30 million, equivalent to underlying net capital generation of € 149 million
- Holding company cash improved to € 500 million (year-end 2015: € -319 million)

SF solvency ratio

At end September, the SF solvency ratio was 156% (year-end 2015: 131%) equivalent to 165% pro forma for announced actions, which is well placed within our target range of 140-180%. The announced actions comprise of closing the unwanted duration gap at Delta Lloyd Leven during October, which, in September, was bigger than targeted (4pp) together with the announced merger of our Belgium and Dutch life activities (5pp).

Over the first nine months, the SF solvency ratio increased by 25pp to 156% reflecting the € 650 million rights issue (+27pp) and management actions including the sale of our shareholding in Van Lanschot (+23pp). These positive effects were partly offset by adverse market movements (-18pp) and an adverse diversification effect (-6pp) reflecting largely the unwanted duration gap at Delta Lloyd Leven at end September.

During the third quarter, the SF solvency ratio decreased by 17pp to 156% (half year 2016: 173%) largely as a result of market movements. In particular, the effect of a lower volatility adjustment (VA) of 8bps combined with normalising markets after the safe haven credit spread movements, arising immediately following the Brexit referendum, faded during the third quarter. The decreasing VA was not compensated by a positive result on credit spreads reflecting Delta Lloyd's low risk credit portfolio and the inverted safe haven effect during the period. The impact of market movements and the VA on SF solvency ratio was exacerbated by the elimination of our eligible headroom during the period, reflecting the increase in non eligible net Deferred Tax assets associated with lower unrestricted tier 1 capital as a result of the unfavourable market movements. We expect the SF solvency ratio at the end of October to benefit from the closed duration gap as well as modestly favourable market movements.

The new mortality table for the industry was published in September. We will reflect the impact of the new mortality table together with our mortality experience at the end of this year. The impact of using the new mortality table is expected to be around -2-3pp on our SF solvency ratio. The risk margin benefit of the longevity hedge is approximately 5pp on our SF solvency ratio at end September. We are working on restructuring our longevity hedge and expect to resolve this by the end of this year. Our SF Solvency ratio is subject to ongoing volatile market conditions as well as regulatory, modelling and assumption developments. Consequently, we are looking to operate within the upper half of our target capital range and move to the Partial Internal Model from 2018.

Net capital generation

Reported Solvency II net capital generation was € 119 million, after the impact of exceptional weather of € 30 million, which is equivalent to underlying net capital generation of € 149 million. The reported Solvency II net capital generation reflects economic conditions at the end of 2015. We expect our net capital generation going forward to be adversely impacted by ongoing low interest rates as well as the effect of our de-risking program and lower market credit spreads.

We are committed to delivering on our target of net capital generation of € 200-250 million per year over time. We are focused on building further net capital generation through, amongst other things, continued cost reduction, improved business performance and investments. We are making progress on implementing our improved strategic asset allocation, including the acquisition of the Rabobank mortgage portfolio.

Partial Internal Model

The implementation of our Partial Internal Model (PIM) is on track. We have rebuilt our risk calibrations reflecting industry practice and feedback from the regulator. We are completing a dry run on the basis of the 2015 results. We expect benefits to our solvency capital requirement arising from risk diversification, credit and longevity risk effects. The PIM is subject to review by the regulator and IMAP approval. We plan to submit our application for regulatory approval in July 2017.

Capital position Bank

At the end of September, the CET 1 ratio of the bank was 16.2% (9M2015: 14.8%). This capital position includes the positive effect of converting € 30 million subordinated debt at the bank to equity and a capital injection from the holding of € 7.5 million.

We expect to improve capital efficiency by additional capital actions, namely optimising mortgage risk weighted assets and improving profitability.

Holding company cash

Holding company cash has increased to € 500 million (year-end 2015: € -319 million), reflecting the rights issue, management actions and strong cash remittances from our businesses in the first half. Holding company cash was down from half year 2016, because of the payment of interim dividend, a cash injection into the bank and holding expenses. Cash remittances from the businesses are due at year-end.

Operational expenses

Continued focus on cost reduction is critical to improve our competitive position and to deliver acceptable returns to all stakeholders. During the period, we have undertaken a thorough review of our cost base, which included benchmarking against peers.

The review resulted in a series of initiatives to improve further our efficiency, including the announced actions in Life and GI, reductions in corporate staff functions and plans to streamline the IT organisation. Operational expenses in the first nine months amounted to € 447 million (9M2015: € 465 million) which is in line with our target of € 610 million set for 2016. Consequently, we have reduced our operational expenses target by € 30 million to € 530 million for 2018.

Life Insurance

- Value new business (SII VNB) was € 27 million
- SII NAPI decreased by 12%, the share of DC in SII NAPI remained stable at 23%
- APF license expected this year

At end September, Life SII VNB was € 27 million. Taking into account a capital strain of € 39 million, the impact on net capital generation was € -12 million during the period. The corresponding new business margin (SII NBM) was 1.7%, reflecting adequate margins for DB pensions renewals in the Netherlands and protection business in Belgium.

During the first nine months, the volume of new business (SII NAPI) decreased to € 390 million (9M 2015: € 441 million), reflecting lower individual sales and lower defined contribution (DC) volumes. In the Netherlands, new business in DC was down to € 88 million (9M2015: € 102 million) while our market share remained above 30%. The pension market for new DC business contracted this year, as no new pension legislation was introduced. In the Netherlands, SII NAPI in defined benefit (DB) products decreased by 39%, reflecting the impact of DB pensions renewals at an adequate level of profitability. In Belgium, SII NAPI in DB was up 5% to € 167 million (9M 2015: € 160 million), reflecting higher renewals in the branch 21 guarantee business. The shift to capital light business is progressing in Belgium, especially in the protection business. We focus on finding new distribution partners for the Belgian market, to mitigate the low volumes in bank distribution.

We remain committed to improving business performance and profitability within our life segment by pricing discipline, reducing costs and enhancing product design. Delta Lloyd Leven has implemented an 'open book' organization and a 'service book' organization. Open book focuses on growth and economies of scale, while serving the customer in the best possible way. The service book organization focuses on run-off pension portfolios, aiming to carry out all processes as efficiently as possible and maximizing cash returns. In addition, the announced merger of the Belgian and Dutch life entities will enable economies of scale.

General Insurance

- Combined ratio (COR) increased to 103.1% (9M 2015: 96.6%), reflecting the 4.1pp impact of exceptional weather in June
- During the third quarter, COR was 97.7%
- GWP increased by 6% to € 1,135 million (9M 2015: € 1,068 million)
- Portfolio rationalisation ongoing, exited from several unprofitable and unattractive business segments

The combined ratio (COR) increased to 103.1% (9M 2015: 96.6%). The COR in Income protection improved to 65.0% (9M 2015: 74.5%), reflecting positive prior year claims development primarily in WGA-ER. The COR in Property and casualty rose to 110.8% (9M 2015: 101.3%), reflecting the exceptional weather conditions in June, together with a number of large fire and technical insurance claims. The COR for this quarter was satisfactory at 97.7%. GWP increased by 6% to € 1,135 million, which was mainly attributable to acquisition of portfolios through Authorised Agents.

We are taking disciplined action to ensure that each GI product line delivers an acceptable return. We are doing so by reducing costs, adjusting prices and exiting unprofitable and unattractive business segments. In September, after a thorough review, we agreed to sell the Xclusief portfolio (upper market retail insurance package), and to discontinue the garage keeper portfolio and the agriculture portfolio in the underwriting agency channel. In October, we decided to cease writing new inward reinsurance contracts, as this is a non-core activity. Its volume is approximately € 60 million a year. Although returns are acceptable, volatile business lines are no longer appropriate for our risk appetite and from a capital perspective. The portfolio will be placed in run-off. We are also forming partnerships in specific areas to achieve further process efficiencies at lower costs. The partnership we entered into with Voogd & Voogd to supply personal general insurance products is on track for implementation in January 2017.

Asset Management

- Net outflow of € 271 million (9M 2015: outflow of € 100 million)
- Assets under management € 75 billion (year-end 2015: € 70 billion)

In the Asset Management segment, there was a net outflow of third party funds (€ 271 million) reflecting an outflow in retail funds and institutional mandates, driven by a strategic shift to mortgages. We increased our focus on institutional rather than retail clients. For these clients, we relaunched the Delta Lloyd ESG Fund on 1 November, with a new investment policy for which clients have shown clear interest.

Delta Lloyd's total assets under management increased to € 75 billion (year-end 2015: € 70 billion), reflecting an increase in fixed income markets. As part of our derisking, we continued the shift in asset allocation from equity to fixed income, mortgages and residential real estate.

Bank

- Production of new mortgages of € 1.1 billion (9M 2015: € 0.7 billion)
- Portfolio of mortgages increased to € 14.2 billion (year-end 2015: € 13.3 billion)
- Savings portfolio was up 2% to € 3.4 billion (year-end 2015: € 3.4 billion)

In the first nine months, the production of new mortgages increased by 58% to € 1.1 billion, reflecting strong market conditions. Our improved service to financial advisors lead to higher client satisfaction. The portfolio of bank annuity and savings products stabilised, reflecting our focus on margin over volume.

Complementary to Delta Lloyd Bank's own origination of mortgages, Delta Lloyd Leven purchased a portfolio of Dutch mortgages (€ 500 million) from Rabobank in July. The increase in mortgages fits within our improved strategic asset allocation strategy.

Financial calendar

Date	Event
23 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
07 June 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

Interim Management Statement audio call on 16 November 2016

On Wednesday 16 November 2016, Delta Lloyd will host a conference call for analysts, which can also be followed via audiocast on our website.

Conference call: 16 November 2016, 10.30 am (CET)
+31 20 716 8427 (English language), PIN code: 72183907#

This press release and the analyst presentation are also available at www.deltalloyd.com.

More information about this press release:

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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.

Financial tables

1. **Solvency II Standard Formula**
2. **Solvency II - Standard Formula movement analysis YTD**
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6. **Overview new business premium Income (SII / SI NAPI)**
7. **Combined ratio**
8. **Quarterly progress of key performance indicators**

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 transitional measures, surplus relating to other financial sector 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. Specifically for VNB, a number of changes to the methodology were implemented this year 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 nine months, NAPI was higher under the new regime, due to a higher NAPI for renewals than NAPI for extensions to existing contracts.

We plan to use a Solvency II aligned operational result metric as from our 2017 reporting. In this metric, the IFRS investment spread will be aligned with the excess return approach under Solvency II net capital generation. We plan to publish the pro-forma impact of the change in our IFRS operational result, alongside the current operational result approach at year-end.

1. Solvency II - Standard Formula

(in millions of euros)	Pro forma 9M 2016	9M 2016	HY 2016	year-end 2015
Avalaible Own funds	n.a.	4,820	5,099	4,039
Non eligible Own funds	n.a.	289	0	118
Eligible Own funds	n.a.	4,530	5,099	3,920
Required Economic Capital	n.a.	2,913	2,943	3,001
Surplus/Deficit	n.a.	1,617	2,156	919
SF ratio	**165%**	**156%**	**173%**	**131%**

At the third quarter close, the asset liability duration gap in the investment portfolio of Delta Lloyd Leven was larger than targeted. In particular, the interest rate duration of the portfolio was shorter than targeted reflecting the recent sale of assets under the improved strategic asset allocation as well as modelling and assumption changes implemented at the third quarter. As a consequence at the third quarter close Delta Lloyd was sensitive to decreasing interest rates (albeit modestly) resulting in lower diversification and lower solvency ratio reflecting the more prudent SF aggregation assumptions under a down shock exposure. Delta Lloyd's policy is to target being (modestly) sensitive to increasing interest rates as was the case at the second quarter close. The unwanted duration gap was restored during October 2016 by extending the duration of the investment portfolio resulting in an improved SF ratio at Delta Lloyd equivalent to 4pp on a pro forma basis.

On October 5, Delta Lloyd announced the plan to simplify the corporate structure of its Belgian activities. As a result of this legal simplification, Delta Lloyd Life NV in Belgium will merge with Delta Lloyd Levensverzekering NV in the Netherlands. This will raise the group's SF solvency ratio by approximately 5pp. The process is on track to complete in January 2017 as planned.

2. Solvency II - Standard Formula movement analysis YTD

	Ratio
Year-end 2015 Actual	**131%**
Rights issue	27%
Sale VL, other ALM actions	23%
Run-off transitionals	-5%
Dividend	-2%
Assumption changes	1%
Net Capital Generation	6%
Exceptional weather	-1%
Diversification effect	-6%
Market movements and VA	-18%
9M 2016	**156%**
Restored asset liability duration gap	4%
Merger Belgium and Dutch Life activities	5%
9M 2016 Pro Forma	**165%**

3. Solvency II - Standard Formula movement analysis QTD

	Ratio
Half year 2016	**173%**
ALM actions	2%
Run-off transitionals	-2%
Assumption changes	1%
Net Capital Generation	2%
Diversification effect	-6%
Market movements and VA	-15%
9M 2016	**156%**
Restored asset liability duration gap	4%
Merger Belgium and Dutch Life activities	5%
9M 2016 Pro Forma	**165%**

4. Capital generation impacts

(in millions of euros)		9M 2016
Headwinds (FY2015 vs 9M 2016)	Lower interest rates impact on UFR drag net of risk margin	(40)
	Asset de-risking	(30)
	Credit spread effect, including mortgages	(10)
Management actions	Lower financing cost through refinancing	15
	Improved strategic asset allocation	20-30
	Additional expense reductions (excl. Life)	20
	Improved technical margins for GI and Life	10-15

5. Overview value new business (SII VNB)

(in millions of euros)	9M 2016 - SII	9M 2016-MC*	9M 2015-MC*
Total Netherlands	11	-45	30
Total Belgium	16	34	27
Total VNB	**27**	**-11**	**57**
Individual life	17	26	38
Group defined benefit	8	-29	-29
Group defined contribution	2	-7	48
Total VNB	**27**	**-11**	**57**

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

6. Overview new business premium income (SII / SI NAPI)*

(in millions of euros)	Solvency II 9M 2016	9M 2015	Change	Solvency I 9M 2016	9M 2015	Change
Individual life	113	143	-21%	48	75	-36%
Group defined benefit	186	190	-3%	75	86	-13%
Group defined contribution	91	108	-15%	131	182	-28%
Total NAPI	**390**	**441**	**-12%**	**254**	**342**	-26%
Individual life NL	20	39	-49%	26	43	-40%
Group defined benefit NL	19	31	-39%	48	84	-43%
Group defined contribution NL	88	102	-13%	130	147	-12%
Total NAPI NL	**127**	**172**	**-26%**	**204**	**275**	-26%
Individual life BE	94	104	-10%	21	31	-31%
Group defined benefit BE	167	160	5%	27	2	n.m.
Group defined contribution BE	3	6	-55%	1	34	-98%
Total NAPI BE	**263**	**270**	**-2%**	**49**	**68**	**-27%**

* NAPI = 10% single premium + annual premium

7. Combined ratio

(in millions of euros, unless otherwise stated)	9M 2016	9M 2015	Change
Property & casualty	110.8%	101.3%	9.5pp
Income protection	65.0%	74.5%	-9.6pp
Total COR	**103.1%**	**96.6%**	**6.6pp**

8. Quarterly progress of key performance indicators

(in millions of euros, unless otherwise stated)	9M 2016 YtD	Q3 2016 Sec	Q2 2016 Sec	Q1 2016 Sec
SII Life value new business	27	8	5	14
SII NAPI	390	123	135	132
Combined ratio	103.1%	97.7%	114.4%	97.0%
GWP General Insurance	1,135	301	369	465

Important information

- This interim management statement contains figures for the first nine 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.
- 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.

13.8 Unaudited but reviewed information for the first half of the financial year 2016

1 EXECUTIVE BOARD REPORT

1.1 Highlights

Standard Formula ratio **173%** 42pp ↑	Net capital generation **66m** after exceptional weather impact	HoldCo cash **592m** 286% ↑
New business margin **1.8%** n.a.	Combined ratio **105.9%** 9.1pp ↑	Interim dividend **€ 0.10** € 0.21

1.2 Developments in the first half

Macroeconomic developments

The first six months of 2016 were marked by volatile markets, exceedingly low interest rates and exceptional weather conditions in the Netherlands in June that led to more general insurance claims than usual, putting pressure on insurers' margins.

In June, the UK voted to leave the European Union. While Delta Lloyd was prepared for a possible Brexit, with limited UK exposure, the fallout from the referendum hit financial markets hard and pushed interest rates even lower, impacting the entire insurance sector. Next to this, EIOPA's pending review of the ultimate forward rate (UFR) methodology to determine the solvency position creates further uncertainty for insurers.

Strategic developments

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 have 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, the holding company cash position structurally improved to € 592 million (year-end 2015: € -319 million), supported by strong cash remittances from our businesses.

We continue to focus on securing our capital position, including the implementation of a Partial Internal Model (PIM). The project is on track, with an experienced and dedicated team preparing to introduce the PIM in 2018.

Risk management is a crucial element of the Solvency II regime and we have tightened our governance procedures considerably and implemented a new risk organisation.

In March, we entered into a strategic partnership with Fubon Financial Holding and look forward to a long-term mutually beneficial relationship with our Taiwanese investor. Under the agreement, we support Fubon's intention to acquire further ordinary shares in the open market subject to applicable laws and regulations. Should Fubon's share ownership reach 15%, we will nominate a Fubon representative for appointment to our Supervisory Board. We are exploring opportunities to cooperate in areas such as asset management, reinsurance agreements and knowledge sharing.

Executive Board

Clifford Abrahams was appointed to the Executive Board on 16 March 2016. He had already assumed his duties as Chief Financial Officer on 1 January 2016. Executive Board member Onno Verstegen left the company to pursue his career elsewhere from 1 February 2016. Leon van Riet, Managing Director of Delta Lloyd Leven, was appointed to the Executive Board at the General Meeting of Shareholders on 19 May 2016.

Supervisory Board

Also at the General Meeting of Shareholders on 19 May 2016, John Lister and Paul Nijhof were appointed to the Supervisory Board of Delta Lloyd. John Lister has extensive risk and insurance experience, while Paul Nijhof brings expertise in online, e-commerce, digital marketing and big data.

Commercial developments

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.

Delta Lloyd shares

On 30 June 2016, Delta Lloyd had 455,287,153 ordinary shares issued and outstanding (free float). This includes the 227,567,239 ordinary shares outstanding on 31 December 2015 and the 227,567,943 new ordinary shares issued in March. The shares are listed on the AMX mid-cap index on Euronext Amsterdam and on Euronext Brussels. We are also listed on the Dow Jones Sustainability Index (DJSI) World and DJSI Europe. Delta Lloyd’s shares closed at € 3.18 on 30 June (31 December 2015: € 4.07)

1.3 Capital

Standard Formula solvency ratio

At 30 June 2016, the Solvency II Standard Formula (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.

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.

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 increased to € 592 million (year-end 2015: € -319 million), largely reflecting the proceeds from 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 good cash remittances from our businesses.

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.

1.4 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.

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-operational 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 include 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.

Following our periodic review on the valuation of liabilities under IFRS, we have 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.

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.

1.5 Financial performance

Our 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.

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.

In the first half of 2016, operational expenses 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.

1.6 Segments

Life

At half-year, Solvency II Life value new business (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. 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 measures 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

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 the 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.

OHRA launched Clixx, a three-month pilot to test the viability of providing short-term insurance for vehicles customers lend to friends or family. We will use the data collected during the trail to determine the next steps.

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).

Delta Lloyd is also the first insurer to enter into an agreement with national network of truck repair shops. The cooperation with FleetRepair means customers with damage claims will benefit from a more efficient service.

The increase in GWP in General Insurance is 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

In the Asset Management segment, the outflow of third party and institutional 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

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.

There is a continued focus on improving operational efficiency and client satisfaction, also by developing new services such as Instant Payment. This is a service which allows customers to instantly transfer money from their savings account to their bank account at another bank.

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

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 of Corporate and Other Activities was € -26 million.

1.7 Our employees

Delta Lloyd employs 4,019 permanent staff (FTE) and 571 temporary employees in the Netherlands and Belgium (half-year 2015: 4,257 and 549 respectively). Of these, 477 people are based in Belgium, including 12 temporary staff.

1.8 Delta Lloyd in society

Creating a positive sustainable impact is the basis of our revised corporate strategy. We take a sustainable and responsible approach to doing business in a way that creates long-term value for our shareholders, customers, employees and society as a whole. Our sustainability strategy is based on three pillars: responsible insurance, responsible investments and the activities of the Delta Lloyd Foundation.

As a responsible insurer, Delta Lloyd is the largest insurer of offshore windmills in the Netherlands. As a responsible investor, Delta Lloyd Asset Management was one the first financial institutions to participate in a sustainable shipping loan in January 2016. Prior to investing, Delta Lloyd Asset Management carried out a thorough sustainability assessment of the ship and the impact of its investment on people and the environment.

A coalition of creditors initiated by the Delta Lloyd Foundation, called ‘From debt to opportunities’, presented an ethical charter to CSR Netherlands in early 2016, in which they set out how they will help their own customers overcome financial difficulties when they fall into debt by treating them fairly, with compassion and providing clear financial information upfront.

When it comes to being open and transparent, Delta Lloyd was ranked second by the Fair Finance Guide Research for transparency about our investments; and in early July, the Dutch Association of Investors for Sustainable Development (VBDO) recognised our good practice in the way we published our total tax contribution.

As the Netherlands’ largest boat insurer, Delta Lloyd has a long association with Dutch water sports and we sponsor the national sailing team. In May, we signed a new four-year agreement with the Dutch Water Sports Association (Watersportverbond) to continue our support until the 2020 Olympics in Tokyo.

As part of this we support the nationwide ‘Optimist on Tour’ event. Children at various locations can try their hand at sailing small Optimist boats, as well as other water sports such as canoeing and supping. The third edition of the tour started on 30 April (national water sports day). Some 22,000 children have participated since 2014.

1.9 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.

1.10 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.

1.11 Statement of the Executive Board

The Executive Board is responsible for preparing the 2016 interim financial report in accordance with International Financial Reporting Standards as adopted by the European Union and the European Transparency Directive (2004/109/EC) (IFRS).

The Members of the Executive Board hereby declare that, to the best of their knowledge, the interim financial report 2016, prepared in accordance with IAS 34 Interim Financial Reporting, gives a true and fair view of the assets, liabilities, financial position and income statement of Delta Lloyd N.V. and the undertakings included in the consolidation as a whole (collectively Delta Lloyd), and includes a fair review of the information required by Section 5:25(d)(8 and 9) of the Financial Supervision Act (*Wet op het financieel toezicht*).

On 16 August 2016, the Executive Board reviewed and approved the 2016 interim financial report for publication.

Amsterdam, 16 August 2016

Hans van der Noordaa, chairman
Clifford Abrahams
Ingrid de Graaf
Annemarie Mijer
Leon van Riet

2 CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

2.1 Consolidated statement of financial position

Consolidated statement of financial position

In millions of euros		30 June 2016	31 December 2015
Goodwill		269.2	269.2
AVIF and other intangible assets		87.1	90.9
Deferred acquisition costs		131.2	109.9
Property and equipment		55.0	55.1
Investment property		1,092.4	1,052.2
Associates and joint ventures	4	43.1	278.9
Deferred tax assets		261.7	478.4
Debt securities	5	31,985.5	28,342.1
Equity securities	5	1,384.7	2,169.3
Derivatives	5	2,912.8	1,675.9
Loans at fair value through profit or loss	5	5,149.0	5,235.9
Loans and receivables at amortised cost	5	11,417.8	10,676.9
Investments at policyholders' risk	6	15,272.4	14,604.0
Third party interests in consolidated investment funds		2,634.1	3,371.2
Reinsurance assets		566.3	562.1
Receivables and other financial assets		1,012.4	1,376.8
Current tax assets		48.5	47.8
Accrued interest and prepayments		494.1	539.0
Cash and cash equivalents		5,362.5	2,503.4
Assets held for sale	3	115.3	29.2
Total assets		**80,295.0**	**73,468.2**
Total capital and reserves		3,793.5	2,568.9
Non-controlling interests		202.3	253.8
Total shareholders' funds		3,995.8	2,822.6
Insurance liabilities	8	49,225.4	45,789.9
Liabilities for investment contracts	9	6,824.8	6,304.5
Pension obligations	10	2,936.0	2,501.6
Provisions for other liabilities		45.1	58.6
Deferred tax liabilities		41.4	35.8
Current tax liabilities		54.6	63.8
Subordinated debt		1,355.2	1,352.4
Securitised mortgages loan notes		2,594.9	2,223.2
Other borrowings		746.0	740.5
Derivatives	5	1,086.6	991.9
Investments at policyholders' risk	6	2.8	21.7
Third party interests in consolidated investment funds		2,634.1	3,371.2
Customer savings and deposits	11	6,745.8	5,063.0
Other financial liabilities	11	279.2	122.8
Other liabilities		1,727.3	2,004.6
Total liabilities		76,299.2	70,645.5
Total shareholders' funds and liabilities		**80,295.0**	**73,468.2**

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 2.7 'Notes to the consolidated financial statements'.

2.2 Consolidated income statement

Consolidated income statement for the first half

In millions of euros		2016	2015
Gross written premiums		2,157.8	2,264.8
Outward reinsurance premiums		-92.5	-99.4
Net written premiums		2,065.3	2,165.4
Change in unearned premiums provision		-109.5	-85.7
Net premiums earned		1,955.8	2,079.7
Investment income		5,737.6	472.7
Share of profit or loss after tax of associates		-3.7	33.3
Net investment income		5,733.8	506.0
Fee and commission income		129.8	137.3
Other income		0.8	5.4
Total investment and other income		5,864.5	648.7
Total income		**7,820.3**	**2,728.4**
Net claims and benefits paid		1,923.1	1,991.2
Change in insurance liabilities		3,713.0	19.6
Charge to financial liability on behalf of third party interest in consolidated investment funds		185.9	397.1
Expenses relating to the acquisition of insurance, investment and other contracts		291.4	292.9
Finance costs		163.1	191.3
Other operating expenses		247.9	555.0
Total expenses		**6,524.4**	**3,447.1**
Result before tax from continuing operations	2	**1,295.9**	**-718.7**
Income tax		343.0	-187.6
Result after tax from discontinued operations		-	5.4
Net result		**952.9**	**-525.7**
Attributable to:			
Delta Lloyd NV shareholders		925.5	-532.7
Non-controlling interests		27.4	7.0

Earnings per share for the first half

In euros	2016	2015*
Basic earnings per share from continuing operations	2.62	-1.98
Basic earnings per share from discontinued operations	0.00	0.02
Basic earnings per share including discontinued operations	**2.62**	**-1.96**
Diluted earnings per ordinary share from continuing operations	2.55	-1.98
Diluted earnings per ordinary share from discontinued operations	0.00	0.02
Diluted earnings per ordinary share including discontinued operations	**2.55**	**-1.96**

* Restated due to the effect of the Rights issue.

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 2.7 ‘Notes to the consolidated financial statements’.

2.3 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income for the first half

In millions of euros	2016	2015
Net result	952.9	-525.7
Fair value adjustments owner-occupied property	-	-0.1
Actuarial gains and losses (pension obligations)	-389.3	143.8
Transfer of actuarial gains and losses relating to DPF contracts to provisions	-	-1.6
Income tax relating to items that will not be reclassified	97.8	-35.6
Total items that will not be reclassified to income statement	-291.5	106.5
Changes in value of financial instruments available for sale*	-46.3	-286.8
Transfer of available for sale relating to DPF contracts to provisions	-	109.8
Fair value adjustments associates**	1.0	14.0
Fair value adjustments due to micro hedge debt securities available for sale	-	20.4
Income tax relating to items that may be reclassified	-0.3	16.8
Total items that may be reclassified subsequently to income statement	-45.6	-125.9
Total amount recognised directly in equity	-337.1	-19.4
Total comprehensive income	**615.8**	**-545.0**
Attributable to:		
Delta Lloyd NV shareholders	597.4	-552.0
Non-controlling interests	18.4	6.9

* Realised gains/losses on revaluations of financial instruments available for sale, impairment losses and reversal of impairment losses transferred to income statement are part of changes in value of financial instruments available for sale. For disclosure on impairment losses and reversal of impairment see section 2.7.2 'Segment information'.

** Including the effect of realised gains and losses reported in the income statement.

The fair value adjustments associates include the effect of the sale of Van Lanschot. See section 2.7.4 ‘Associates’ for more details.

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements.

2.4 Consolidated statement of changes in shareholders’ funds

Consolidated statement of changes in shareholders' fund for the first half

In millions of euros	Ordinary share capital	Share premium	Revalu-ation reserves	Other reserves	Equity compen-sation plan	Treasury shares	Retained earnings	Total capital and reserves *	Non-controlling interests	Sharehol-ders' funds
At 1 January 2015	39.9	505.9	534.1	-622.8	6.4	-17.2	2,022.1	2,468.4	277.9	2,746.2
Total other comprehensive income	-	-	-125.9	106.6	-	-	-	-19.3	-0.1	-19.4
Result for the period	-	-	-	-	-	-	-532.7	-532.7	7.0	-525.7
Final dividend payment 2014	0.9	-1.0	-	-	-	-	-62.7	-62.8	-	-62.8
Non-controlling interests in dividend payment 2015	-	-	-	-	-	-	-	-	-25.0	-25.0
Issue share capital	4.0	333.1	-	-	-	-	-	337.1	-	337.1
Change treasury shares	-	-	-	-	-	2.0	-	2.0	-	2.0
Conditional shares granted	-	-	-	-	-3.0	-	0.5	-2.4	-	-2.4
Reclassification between equity classes	-	-	-1.0	1.0	-	-	-	-	-	-
At 30 June 2015	**44.8**	**838.0**	**407.2**	**-515.2**	**3.5**	**-15.2**	**1,427.2**	**2,190.3**	**259.8**	**2,450.1**
At 1 January 2016	45.7	837.1	181.8	-526.6	5.5	-14.8	2,040.3	2,568.9	253.8	2,822.6
Total other comprehensive income	-	-	-36.6	-291.5	-	-	-	-328.1	-9.0	-337.1
Result for the period	-	-	-	-	-	-	925.5	925.5	27.4	952.9
Final dividend payment 2015	-	-	-	-	-	-	-	-	-	-
Non-controlling interests in dividend payment 2016	-	-	-	-	-	-	-	-	-69.9	-69.9
Issue share capital	45.5	583.3	-	-	-	-	-	628.8	-	628.8
Change treasury shares	-	-	-	-	-	2.1	-	2.1	-	2.1
Conditional shares granted	-	-	-	-	-3.0	-	-0.7	-3.7	-	-3.7
Reclassification between equity classes	-	-	-2.7	-	-	-	2.7	-	-	-
At 30 June 2016	**91.2**	**1,420.3**	**142.5**	**-818.1**	**2.5**	**-12.7**	**2,967.8**	**3,793.5**	**202.3**	**3,995.8**

*Attributable to Delta Lloyd NV shareholders.

Total other comprehensive income relates to the equity allocation of the items specified in section 2.3 ‘Consolidated statement of comprehensive income’.

The other reserves include the actuarial gains and losses for pensions.

Delta Lloyd issued 227,567,943 new ordinary shares on 8 April 2016, priced at € 2.85 each. This resulted in an increase in equity of € 628.8 million, after deducting costs (€ 19.8 million net of tax). See section 2.7.7 ‘Share capital’ for more details.

Treasury shares were acquired as part of a share repurchase programme with the sole purpose of meeting obligations under the equity compensation plans for management. Since 2015, part of the base salary of the Executive Board members has also been paid in the form of shares. As at 30 June 2016, there were 895,402 shares (2015: 1,047,373 shares) held for these purposes acquired at an average purchase price of € 14.13.

The equity compensation plan refers to the share-based and performance-related incentive plans. The movement consists of a settlement of € 1.8 million and a release of € 2.6 million, since almost no variable remuneration was awarded for 2015. Grants of new options amounted to € 1.3 million. Options settled at a different rate than initially granted resulted in a movement of € -0.7 million in retained earnings.

Additional shares or options were or will be granted in relation to the outstanding (phantom) shares and phantom options in respect of the long term variable incentive plan to compensate participants of the share-based incentive plans for the decrease in value due to the rights issue. The additional shares and options compensate for the decrease in value, due to the rights issue, of the outstanding shares which were conditionally granted to the participants before the rights issue but will vest after the rights issue. The increase in the number of shares is in accordance with the terms and conditions of the plan. Consequently 99,926 conditional shares were granted for the equity settled plan and 27,407 conditional phantom shares for the cash settled plan. Additional phantom options will be granted later this year. In addition, the exercise price of the 2009 phantom options was adjusted from € 13.63 to € 10.04. Due to these additionally granted (phantom) shares, the total fair value of these (phantom) shares immediately after the rights issue did not change compared to the total fair value immediately before the rights issue.

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements.

2.5 Consolidated cash flow statement

Consolidated cashflow statement for the first half

In millions of euros	2016	2015*
Net result		
Net result	952.9	-525.7
Of which result from discontinued operations	-	5.4
Adjustments for:		
Income tax expense	343.0	-186.9
Depreciation, amortisation, impairments and revaluation of items not at fair value	190.3	230.0
Unrealised gains and losses	-4,267.1	1,825.7
Change in provisions for insurance and investment contracts net of reinsurance	3,951.5	143.3
Change in liability for third party interests in consolidated investments funds	-650.1	-199.4
Share of profit or loss and other non-cash items from associates and joint ventures	10.6	-31.9
Cash generating profit for the year	531.2	1,255.2
Net (increase) / decrease in investment property	-3.4	98.2
Net increase / (decrease) in other financial liabilities	304.5	-728.2
Net (increase) / decrease in intangible assets	0.0	-2.8
Income taxes (paid) / received	-11.1	-31.6
Net (increase) / decrease in other operating assets and liabilities	16.5	-165.5
Net cash flow from operating activities, including discontinued operations	837.6	425.3
Of which cash flow from operating activities of discontinued operations	-	-21.4
Cash flow from investing activities		
Purchase of intangible assets	-3.4	-
Net (increase) / decrease in debt securities	-908.1	-1,227.1
Net (increase) / decrease in equity securities	682.9	763.5
Net (increase) / decrease in derivatives	-2.3	-146.5
Net (increase) / decrease in investments at policyholders' risk	-459.3	-373.5
Net (increase) / decrease in third party interest in investment funds	676.3	155.0
Net (increase) / decrease in loans and other financial assets	-640.7	787.4
Net increase / (decrease) in cash collateral received	1,460.4	-316.2
Purchases of property and equipment	-4.6	-9.1
Proceeds from sale of property and equipment	1.0	0.2
Dividends received from associates	5.6	4.9
Disposal of and capital withdrawal associates	220.5	29.3
Net cash flow from investing activities, including discontinued operations	1,028.3	-332.0
Of which cash flow from investing activities of discontinued operations	-	187.2

Consolidated cashflow statement for the first half

In millions of euros	2016	2015*
Cash flow from financing activities		
Proceeds from borrowings	539.4	293.7
Repayment of borrowings	-159.1	-485.2
Issue of share capital	628.8	337.1
Dividends paid to shareholders	-	-62.8
Dividends paid to non-controlling interests	-69.9	-25.0
Net cash flow from financing activities, including discontinued operations	939.3	57.9
Of which cash flow from financing activities of discontinued operations	-	-
Net (decrease) / increase in cash and cash equivalent, including discontinued operations	**2,805.1**	**151.2**
Of which net (increase / decrease) in cash and cash equivalent of discontinued operations	-	165.8
Statement of changes in cash and cash equivalents		
Cash and cash equivalents at beginning of year	2,635.3	3,135.5
Net (decrease) / increase in cash and cash equivalents	2,805.1	151.2
Total cash and cash equivalents at 30 June	**5,440.4**	**3,286.7**
Consolidated statement of financial position, own risk	5,362.5	2,528.6
Assets held for sale, own risk	-	568.8
Risk reward policyholder and third party investment funds	77.8	189.3
Total cash and cash equivalents at 30 June	**5,440.4**	**3,286.7**
Further details on cash flow from operating activities		
Interest paid	148.3	160.8
Interest received	913.8	984.8
Dividends received	115.2	166.7

*A separate line item was included to reflect the movements in collateral received. Comparative figures have been adjusted accordingly.

The cash flow statement is presented before held for sale. To present the financial effect of the discontinued operations in 2015, the cash flows from discontinued operations are disclosed separately.

Included in the cash position is an amount of € 3,114.9 million received as cash collateral (first half of 2015: € 1,472.4 million). The related obligation is presented in the financial liabilities.

The notes and the accounting policies are an integral part of these financial statements.

2.6 Summary of accounting policies

Delta Lloyd NV is a public limited liability company ('naamloze vennootschap') incorporated and headquartered in the Netherlands. The company's registered address is Amstelplein 6, 1096 BC Amsterdam. With its subsidiaries (collectively, Delta Lloyd) it provides life and pension insurance, long-term savings products, most classes of general insurance, banking activities and asset management. These activities are carried out through subsidiaries and associates in the Netherlands and Belgium.

2.6.1 Accounting policies

Delta Lloyd's condensed consolidated interim financial report for the period ended 30 June 2016 is prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) and adopted by the European Union. Delta Lloyd has used the EU carve-out on hedge accounting for its banking activities in the Netherlands since 1 May 2015, while Delta Lloyd's residential mortgage warehouse Amstelhuys has used it since 1 January 2016. The condensed consolidated interim financial report does not include all the information required for full financial statements and should therefore be read in conjunction with Delta Lloyd's 2015 financial statements. The condensed consolidated interim financial report is unaudited but has been reviewed by the auditor.

All accounting policies and methods of computation applied to the condensed consolidated interim financial report for the period ended 30 June 2016 are the same as those applied in the 2015 consolidated financial statements of Delta Lloyd (see: www.deltalloyd.com/annualreport/). The following standards, amendments and improvements, which are mandatory and have been applied since 1 January 2016, have no impact on the accounting policies, result or shareholders' funds of Delta Lloyd:

- Amendments to IFRS 11 'Accounting for acquisitions of interest in joint operations';
- Amendments to IAS 16 and 38 'Clarification of acceptable methods of depreciation and amortisation';
- Amendments to IAS 1 'Disclosure initiative';
- Amendments to IAS 27 'Equity method in separate financial statements';
- Annual improvements 2012 – 2014.

There were no endorsements by the EU during the first half of 2016. Therefore, the following mandatory standard and amendments from 1 January 2016 have not been applied:

- IFRS 14 'Regulatory deferral accounts';
- Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment entities: Applying the consolidation exception'.

During the first half of 2016, the IASB published the following amendments and clarifications:

- Amendments to IAS 12 'Recognition of Deferred Tax Assets for unrealised losses' (mandatory 1 January 2017);
- Amendments to IAS 7 'Disclosure initiative' (mandatory from 1 January 2017);
- Clarifications to IFRS 15 'Revenue from Contracts with Customers' (mandatory from 1 January 2018).

One significant upcoming standard for Delta Lloyd is IFRS 9 'Financial Instruments' (IASB effective date 1 January 2018). Delta Lloyd is currently assessing the impact of the new requirements under IFRS 9.

In December 2015, the IASB issued the exposure draft that proposed the temporary exemption and the overlay approach to address concerns about implementing IFRS 9 'Financial Instruments' before the forthcoming insurance contracts standard (IFRS 4 phase II) comes into effect. The IASB has been redeliberating the proposals in the exposure draft throughout 2016 in light of the feedback received in comment letters and other outreach that it performed. At the May 2016 meeting, the IASB concluded redeliberations on the proposed amendments to IFRS 4 'Insurance Contracts' to allow entities issuing contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 together with IFRS 4 before the new insurance contracts standard (IFRS 4 Phase II) becomes effective. The IASB also made additional tentative decisions on the temporary exemption and the overlay approach, and gave staff permission to prepare a draft ballot of the final amendments, which are expected to be issued in the second half of 2016. Delta Lloyd is investigating whether to use the temporary exemption or overlay approach regarding IFRS 9.

All amounts are in millions of euros unless stated otherwise. Calculations in the tables are made using unrounded figures. As a result, rounding differences can occur.

2.6.2 Use of assumptions and estimates

Preparing financial statements requires Delta Lloyd to make estimates and assumptions that affect items reported in the consolidated statement of financial position and income statement and the disclosure of contingent assets and liabilities at the date of the financial statements. This particularly concerns estimates and assumptions used to establish insurance contract provisions (including longevity risk), determine the fair value of assets and liabilities (see section 2.7.14 'Fair value of assets and liabilities'), establish impairment (e.g. regarding goodwill, debt securities and equity securities and loans and receivables), employee benefits and deferred acquisition costs. These estimates and assumptions are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions. Important assumptions are set out in the relevant note. Actual results may ultimately differ, possibly significantly, from these estimates. Interim results are not necessarily indicative for full-year results.

Interest rate curve

Each reporting period Delta Lloyd assesses whether the applied Collateralised AAA curve, including an Ultimate Forward Rate (UFR), is representative as a current market interest rate curve for the valuation of insurance liabilities under IFRS. Delta Lloyd's assessment showed that the collateralised curve no longer provides the best possible representation of current market interest rates under IFRS and that a better representation is available.

As of 30 June 2016, Delta Lloyd uses a curve ('IFRS discount curve') which is based on the Solvency II curve including a volatility adjustment (VA), Credit Risk Adjustment (CRA) and an UFR as the estimate for a current market interest rate curve under IFRS. Our new basis curve is the EUR swap curve which has a broader spectrum of liquid maturities available in the market and spreads that are more stable compared to the collateralised AAA rates. Interpolation is applicable for maturities for which no interest rate is provided up to the last liquid point (LLP). The next table shows the differences per building block of the previously used Collateralised AAA curve and our currently used new IFRS discount curve.

Building blocks	Collateralised AAA curve	New IFRS discount curve
Basis	Maximum of DNB swap curve and collateralised AAA curve	EUR swap curve
Last Liquid Point (LLP)	20 years	20 years
Interpolation	Combination of UBS fitting technique and constant forward rate	Smith-Wilson
Credit risk adjustment (deduction)	N/A due to insignificant credit risk in collateralised AAA curve	Corridor of 10 - 35 bps (determined by EIOPA on a monthly basis)
Liquidity risk spread (increase)	Implicitly: maximum (collateralised AAA -/- DNB swap rate; 0)	Volatility adjustment (VA) (determined by EIOPA on a monthly basis)
Extrapolation	Smith-Wilson with an UFR of 4.2% Convergence tolerance of 3 bps Convergence period of 40 years after LLP	Smith-Wilson with an UFR of 4.2% Convergence tolerance of 1 bps Convergence period of 40 years after LLP

The European Insurance and Occupational Pensions Authority (EIOPA) publishes the SII curve on a monthly basis. Delta Lloyd applies this curve as an estimate for current market interest rates under IFRS (IFRS discount curve), including any potential changes in the methodology of the construction of the SII curve, provided that the interest rate curve complies with IFRS.

Each reporting period Delta Lloyd assesses whether the applied curve is representative as a current market interest rate curve for the valuation of insurance liabilities. Delta Lloyd also assesses each reporting period whether the long end of the curve can be derived from sufficient relevant observable market inputs. If that is the case, then Delta Lloyd will cease to apply the UFR extrapolation method. If no sufficient relevant observable market inputs are available, Delta Lloyd will continue to estimate current market interest rate using the described UFR extrapolation approach while reassessing the parameters used.

This curve adjustment creates a more stable and robust basis for the calculation of current market interest rates. The introduction of our new IFRS discount curve had a positive effect on the reported result for the first half year of 2016 of € 416.1 million after tax (hence on shareholders' funds).

As a result of the introduction of the new method for determining the IFRS curve, Delta Lloyd re-evaluated, and is in the process of updating, the methodology for estimating the risk margin for unhedgeable financial risks in the LAT.

Longevity provision

Delta Lloyd refined its calculation for the longevity provision. The previous method, which incorporated scaling of reserves, was no longer sustainable due to the ongoing low interest rates. In the refined method the cash flows are discounted against the interest rate associated with the duration of that cash flow instead of using an approximation based on a ratio (scaling of reserves). The change in estimation method had a negative effect on the reported result for the first half year of 2016 of € 247.9 million after tax (hence on shareholders’ funds).

2.7 Notes to the consolidated financial statements

2.7.1 Risk management

Financial market development

Although there was moderate economic growth in Europe in the first half of 2016, European stock markets (MSCI Europe Index) lost about 11% in the first half. The European unemployment rate is slowly declining, but it is still high in some southern European countries.

Brexit

In June, the UK voted to leave the European Union (EU), with uncertainty around the referendum in the months before the actual vote creating a lot of volatility on the financial markets. This led to an increased demand for good quality fixed income instruments combined with declines in equity prices.

Quantitative easing

The European Central Bank (ECB) announced an extension to its the quantitative-easing (QE) programme in March, saying it would increase the amount it will purchase by € 20 billion a month. Furthermore, the central bank will buy non-financial investment grade corporate bonds. The ECB is buying those securities in a bid to boost economic recovery in the euro zone.

The increased demand for these bonds has led to very volatile interest rates, with rates falling substantially in the first half of 2016. Annual inflation in the euro zone stood at 0.1% in June. Despite quantitative easing, inflation still shows little sign of reaching its official target of 2%.

Sustained low interest yield environment

The challenges faced by insurance companies operating in a low-yield environment include lower reinvestment return on their fixed income portfolio and a lower discount rate used for liabilities, resulting in higher net present values. Although the benefits of insurance have not changed, this may mean insurance products become less attractive. As a result, there is a visible shift in the market from defined benefit to defined contribution products. The lower reinvestment yield leads to higher premiums for customers and a higher cost of guaranteed products. Lower yields also lead to pressure on margins and consequently on solvency levels. To deal properly with this pressure, Delta Lloyd looks critically at its interest rate profile, regularly reviews its asset mix to achieve an optimal balance between yield and risk, and uses scenario analyses to identify the long-term effects of persistent low interest rates.

Risk management at Delta Lloyd

Solvency II

Solvency II is the new regulatory framework for insurance companies operating in the European Union. It became effective on 1 January 2016. Solvency I ratios are therefore no longer applicable.

Under Solvency II, capital requirements depend directly on consistently-measured risk. Solvency II is based on economic principles for measuring assets and liabilities. Although insurance companies have had to make far-reaching and comprehensive preparations for Solvency II, Delta Lloyd supports the principles underlying the new framework. Delta Lloyd applies risk-based elements in asset allocation, asset liability management (ALM), risk management, capital allocation, product pricing and commercial strategy.

In early 2014, European legislators set the implementation date as 1 January 2016. Delta Lloyd established a Solvency II programme to coordinate all activities requiring attention under Solvency II and the preparatory measures for EIOPA (European Insurance and Occupational Pensions Authority). The project is currently focused on the reporting requirements for Pillar 3. In 2015, all Dutch insurance companies were required to submit Solvency II reports (quantitative reporting templates, QRT) to the Dutch central bank DNB, at reporting dates 31 December 2014, 30 June 2015 and 30 September 2015. The 31 December 2014 reports of the solo entities were submitted in June 2015, and Delta Lloyd's report was submitted in July 2015. The second and third quarter 2015 reports have been submitted as well. The report of 31 December 2015 ("Day One") was submitted in May 2016 for Delta Lloyd's insurance entities and in June for the group. The first quarterly QRT over Q1 2016 was submitted in July 2016.

In the first half of 2015, Delta Lloyd observed volatility in its solvency ratio, which was caused predominantly by model adjustments, due to remaining uncertainties in the partial internal model. After a thorough analysis ordered by the Executive Board and discussions with DNB, Delta Lloyd determined that it was necessary to recalibrate certain assumptions, such as assumptions relating to operational risk and mortgage valuation, and change from a full to a partial internal model. The Executive Board conducted a full review of the partial internal model in the third quarter of 2015. This review concluded that the partial internal model needed further improvement. As Delta Lloyd believes that a partial internal model better reflects the risks than the Standard Formula, it will continue to update and test the partial internal model. After satisfactory test results and in consultation with the College of Supervisors (consisting of the DNB and NBB), Delta Lloyd plans to implement the partial internal model in 2018 and report accordingly. While Delta Lloyd is working to improve the internal model, Delta Lloyd has to report the regulatory capital numbers based on the more prescriptive Solvency II Standard Formula (SF). As a result of using SF, Delta Lloyd is likely to have higher capital requirements than it would if it used an internal model. Delta Lloyd is of the opinion that it is compliant with the capital requirements under Solvency II as at 30 June 2016, subject to certain uncertainties around the implementation of the Solvency II requirements.

Interest rate risk

Delta Lloyd is subject to interest rate risk because the market value of its assets and liabilities depends mainly on the interest rates. There is an additional risk regarding fixed-income assets and instruments, as the yields on these assets may develop differently from the yields used to value the insurance liabilities.

Interest rate risk is managed by matching the interest sensitivity and cash flows of assets and liabilities within the Solvency II framework. Although under both IFRS and Solvency II the same curve is used for insurance liabilities, interest rate sensitivity is different. All assets and liabilities are interest rate risk sensitive under Solvency II as they are all valued at market value. Part of the liabilities are valued at amortised costs under IFRS and are therefore not interest rate sensitive. As of 30 June 2016, Delta Lloyd uses the new IFRS discount curve to measure the value of the majority of its insurance provisions. Prior to 30 June 2016, Delta Lloyd used the maximum of the DNB Swap curve and the Collateralised AAA curve. This curve adjustment creates a stable and robust basis for the calculation of current market interest rates and also has operational benefits because insurance liabilities are calculated on the same basis for IFRS and Solvency II. See section 2.6.2 ‘Use of assumptions and estimates’ for more details.

The 10-year point of the Collateralised AAA curve at 30 June 2016 is 0.44%, which compared to year-end 2015 is a decrease of 65 basis points. The 20-year point of the Collateralised AAA curve at 30 June 2016 is 0.90%, which compared to year-end 2015 is a decrease of 82 basis points. The 10-year point of the IFRS discount curve at 30 June 2016 is 0.50% and the 20-year point is 0.96%, which is a decrease of 64 and 78 basis points respectively compared to year-end 2015. The main reason for the decline in both curves is because of a general decrease in interest rates. The IFRS discount curve is constructed using an ultimate forward rate (UFR) for durations of 20 years upwards converging to an UFR of 4.2% over a period of 40 years. Delta Lloyd still considers an UFR of 4.2% suitable for estimating market interest rates at the long end of the curve.

Delta Lloyd’s interest rate risk management aims to ensure a stable Solvency II ratio to the maximum extent possible. Interest rate risk is managed by matching the interest rate sensitivity of assets and liabilities, and by cash flow matching. The interest rate risk is controlled by means of fixed income instruments such as bonds and mortgages, as well as derivatives including swaps and swaptions. The unit-linked guarantee is actively hedged in a separate portfolio.

The effect of interest rate movements on an economic basis may differ compared to the effects on a regulatory basis. One important cause for this difference is the UFR. The UFR impacts the interest rate sensitivity of liabilities for maturities beyond 20 year. Because the UFR is only applied to liabilities, those assets and liabilities with a maturity of less than 20 years react differently to the same curve movements. This difference in interest rate risk sensitivity is difficult to manage, and hedging it worsens the cash flow matching or economic hedging. Although Delta Lloyd has accepted this risk in order to maintain cash flow matching, it will continue to closely monitor this risk.

Equity risk

Equity risk is the risk of loss in assets and liabilities as a result of lower market prices or changes in the volatility of equity prices. Most of Delta Lloyd's equity risk is in its investment portfolio, but there is also an equity-related risk originating from guarantees in the unit-linked and GSB liabilities portfolio.

During the first half of 2016 Delta Lloyd reduced its equity risk further by net selling € 0.7 billion leading to an own risk position at 30 June 2016 of € 1.4 billion (year-end 2015: € 2.2 billion). Excluding private equity, preference shares and bond funds, and including equity derivatives, the equity portfolio is € 0.7 billion (year-end 2015: € 1.8 billion).

Apart from the reduction in the own-risk equity position, Delta Lloyd also sold it associate share in Van Lanschot through a marketed share offering. The equity sales are part of Delta Lloyd's capital action plan to reach the target range of the Solvency II ratio this year.

Credit risk

Credit risk consists of default risk, credit spread risk and concentration risk. Default risk is the risk that counterparties are unable or unwilling to meet all or part of their payment obligations. Credit spread risk is the risk that the perceived risk of default increases, reducing the value of the asset (bond, mortgage or otherwise). Concentration risk arises from the concentration of default risk at large counterparties and from inadequate sector or country diversification

The tables below show Delta Lloyd's total exposure to risks in relation to southern European countries and Ireland, including lending to the financial sector and other private businesses. Lending to private businesses in these countries is, by their nature and activities, not necessarily exposed to the same credit risk as in countries where their headquarters are located. The tables are based on Delta Lloyd's 'country of risk' methodology and the figures include accrued interest. The risk-reduction effect of credit default swaps is not shown.

Exposure to sovereign and sub-sovereign debt of southern European countries and Ireland amounted to € 2,544.4 million on 30 June 2016, compared to € 2,456.9 million at year-end 2015. Although in general the situation in southern Europe (except for Greece) improved, the situation per country differs significantly and the road to recovery is still long. On 30 June 2016, Delta Lloyd had hedged a nominal value of € 380.5 million (year-end 2015: € 387.8 million) of default risk relating to all fixed-income investments in these countries using credit default swaps. A nominal value of € 25.0 million (year-end 2015: € 25.0 million) is hedged against a default of Italy and € 355.5 million (year-end 2015: € 362.8 million) against a default of Spain. Corporate bonds for Italy (€ 59.8 million) relates to the exposure to Italian banks. The 'Other bonds' column includes collateralised bonds. All amounts are gross, i.e. before adjustment for any collateral received

Position in sovereign, sub-sovereign and other bonds and receivables at 30 June 2016

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total
Portugal	59.9	40.3	-	54.9	-	155.1
Italy	735.7	110.1	59.8	104.9	-	1,010.5
Ireland	335.4	87.4	13.8	46.7	-	483.4
Greece	-	20.9	-	-	-	20.9
Spain	1,413.4	268.6	116.6	235.9	-	2,034.6
Total	**2,544.4**	**527.3**	**190.3**	**442.4**	**-**	**3,704.5**

Position in sovereign, sub-sovereign and other bonds and receivables at 31 December 2015

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total
Portugal	68.3	51.3	-	63.1	-	182.9
Italy	690.0	88.8	67.8	161.4	-	1,008.0
Ireland	408.3	85.1	89.3	96.9	-	679.6
Greece	-	28.2	-	-	-	28.2
Spain	1,290.3	250.9	125.9	267.6	-	1,934.7
Total	**2,456.9**	**504.3**	**283.0**	**589.0**	**0.0**	**3,833.3**

With regard to Brexit, Delta Lloyd has an exposure of € 1.0 billion to fixed income instrument in the United Kingdom. This position is partly hedged by the use of credit default swaps with a nominal value of € 135 million. Moreover, the currency risk on these positions is almost fully hedged. As such, the total impact of Brexit on Delta Lloyd's investments is limited.

As a mortgage provider, Delta Lloyd saw stable mortgage arrears in the portfolio and has so far suffered limited losses. The losses on Dutch residential mortgage loans amounted to € 5.6 million in the first half of 2016 (first half of 2015: € 4.1 million). However, adverse economic circumstances could still have substantial consequences for the housing market and for employment. For this reason, Delta Lloyd carefully monitors the development of its Dutch mortgage loan portfolio.

For more detail on forbearance measures see section 2.7.5 'Financial investments own risk'.

The tables below provide details on the carrying amount of financial assets that have been impaired and the ageing of financial assets that are past due but have not been impaired. The tables relate to own risk financial assets.

Financial assets after impairments at 30 June 2016

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total
Debt securities	31,980.5	0.0	4.9	31,985.5
Loans and receivables	16,391.8	111.9	63.1	16,566.8
Receivables and other financial assets	786.4	216.7	9.2	1,012.4

Financial assets after impairments at 31 December 2015

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total
Debt securities	28,328.1	0.3	13.7	28,342.1
Loans and receivables	15,692.1	143.6	77.1	15,912.7
Receivables and other financial assets	1,298.7	71.2	6.9	1,376.8

Maturity of financial assets that are past due but not impaired at 30 June 2016

In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total
Debt securities	-	-	-	0.0	0.0
Loans and receivables	72.4	15.4	15.3	8.8	111.9
Receivables and other financial assets	130.8	76.1	9.8	-	216.7
Total	**203.2**	**91.5**	**25.2**	**8.8**	**328.6**

Maturity of financial assets that are past due but not impaired at 31 December 2015

In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total
Debt securities	-	-	-	0.3	0.3
Loans and receivables	94.6	14.5	18.0	16.4	143.6
Receivables and other financial assets	32.6	25.5	13.1	-	71.2
Total	**127.2**	**40.0**	**31.1**	**16.7**	**215.0**

Property Risk

Property risk is the risk of losses due to the lower prices of property investments. Rental income from the residential portfolio offers protection against the long-term inflation risk faced by Delta Lloyd's life insurance business.

Delta Lloyd's real estate portfolio on 30 June 2016 mainly consists of directly owned residential assets, with a focus on the Netherlands, and indirect exposure to real estate through other investments, in non-listed Dutch real estate funds. Apart from the sale of € 28.7 million of indirect exposure, there were no major purchases or sales during the first half of 2016.

Delta Lloyd's property portfolio for own risk was valued at € 1.1 billion at 30 June 2016 (year-end 2015: € 1.1 billion). The portfolio is divided into residential 89% (year-end 2015: 88%), offices 4% (year-end 2015: 4%), retail 0% (year-end 2015: 0%), property occupied by Delta Lloyd 4% (year-end 2015: 5%) and other 3% (year-end 2015: 3%). Of the property portfolio, 89% (year-end 2015: 89%) was allocated to Dutch property and 11% (year-end 2015: 11%) to Belgian property.

The vacancy rate for properties in the Netherlands is 2% (year-end 2015: 2%) for residential, 0% for retail (year-end 2015: 8%) and 31% for offices (year-end 2015: 27%). The vacancy rate for offices is due to the partly vacant Joan Muyskensweg office, which will be developed into to residential units. Vacancy rates for the Dutch property portfolio are calculated by stating rental income foregone as a percentage of total gross rental income.

Longevity risk

Longevity risk is Delta Lloyd's main insurance risk and an integral part of the product portfolio. Delta Lloyd is exploring extension of the hedges and conversion to indemnify reinsurance, thereby ensuring them to be treated within Solvency II as reinsurance contracts and maintain their risk-mitigating effects in the risk margin.

The Dutch Society of Actuaries is expected to publish its new mortality prognosis in September, which is likely to provide revised estimates for longevity risk.

Liquidity risk

Delta Lloyd's insurance operations face a limited liquidity risk as there are sufficient liquid investments and inflows of new premiums compared to a stable outflow of payments. Delta Lloyd's banking business requires liquidity to fund residential mortgages and retail lending and carries a primary responsibility to control its own liquidity risk. A broad range of limits are monitored partly based on regulatory requirements, including the month surplus, the grace period, the liquidity coverage ratio and net stable funding ratio. In addition, the bank has limits for the liquidity buffer as well as various intragroup limits. At half-year 2016, the banking business had a sufficiently large liquidity buffer, principally made up of investments and cash.

Funding risk

Delta Lloyd has successfully syndicated and signed a € 600 million Revolving Credit Facility (RCF). The RCF is a five years standby facility and is intended to increase Delta Lloyd's financing flexibility.

Delta Lloyd's residential mortgage warehouse Amstelhuys securitised a portfolio of Dutch residential mortgage loans of € 622.6 million under the name of Arena NHG 2016-1 B.V. (Arena 2016). The loans are backed by the Dutch national Mortgage Guarantee Scheme (NHG). Arena 2016 is the third Delta Lloyd transaction in which the interest rate risk is mitigated by an interest rate cap until the first optional redemption date.

Capital positions

As of 1 January 2016, Delta Lloyd reports its capital position under the new Solvency II regulatory framework for insurance companies operating in the EU. Group solvency ratio increased by 42 percentage points to 173% including the impact of proposed interim dividend (year-end 2015: 131%[1]). Compared with year-end 2015, Solvency II available own funds increased by € 1,060.8 million to € 5,099.5 million. The increase in own funds is mainly driven by the successful rights issue and the sale of our stake in Van Lanschot. In addition positive market developments contributed to the increase in available own funds. However this effect is largely offset by an increase in Solvency capital requirements following decreased interest rates in the first half of 2016. Solvency capital requirements declined by € 58.0 million in the first half of 2016 to € 2,943.0 million. The decrease is mainly caused by the completed ALM actions in the first half of 2016, including the de-risking on equity, currency and credit spread exposures. This decline is partly compensated by an increase in solvency capital requirements, following decreased interest rates as well as the run-off on the transitional measure on equity.

[1] The SII ratio per year-end 2015 was not audited by the external auditor.

The total capital ratio of Delta Lloyd Bank is 15.9% and the common equity tier 1 (CET 1) ratio is 12.9% (half-year 2015: 14.4%). The capital ratios are above the minimum regulatory levels based on the year-end requirements. In the second half of the year, we plan to increase the bank's CET 1 capital, anticipating on the expected 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, further optimising mortgage risk-weighted assets and improving profitability. In the medium term, we expect the bank to return to paying a dividend. The ratios are based on Basel III phase-in including profits. This is a 'transitional solution' in using Basel III 'fully loaded'.

Sensitivity of the result and shareholders' funds

The impact of changes in the main capital markets data are set out below to provide information on the sensitivity of the result and shareholders' funds to movements in the capital markets. The sensitivity analysis of pensions is presented in section 2.7.10 'Pension obligations'.

The sensitivities can be described as follows:

Sensitivity factor

Factor	Description of sensitivity factor
Credit spreads	The effect of a 50 bps change in credit spread (applicable to sovereign, sub-sovereign and collateralised bonds with a rating below AAA, corporate bonds, FV loans).
Interest rates	The effect of a 25 bps increase or decrease across the yield curve taking the UFR methodology into account (UFR is not changed).
Equity values	The effect of a change of 10% in equity value (applicable to ordinary shares, 5% participations, investment funds and derivatives), taking into account a beta factor of 84% (2015: 84%).
Property values	The effect of a change of 10% in property value (applicable to offices, residential, retail and other property).
Funding spreads	The effect of a 50 bps change in funding spread (applicable in the valuation of FV mortgages without a NHG guarantee and mortgage funding).
Expenses	The effect of a 10% increase in expense assumptions
Mortality and disability risk in life insurance	The effect of an increase of 5% in mortality and disability risk probabilities.
Longevity risk	The effect of a reduction of 5% in mortality probabilities.
Additional interest sensitivities on the IFRS discount curve	The effect of a Last Liquid Point (LLP) of 15 years.
Additional interest sensitivities on the IFRS discount curve	The effect of a UFR of 3.7%
Additional interest sensitivities on the IFRS discount curve	The effect of a LLP of 15 years in combination with a UFR of 3.7%.
Additional interest sensitivities on the IFRS discount curve	The effect of a 28 bps increase or decrease in the VA.

The tables below show the impact of the main market risks on Delta Lloyd's results and on shareholders' funds. The IFRS sensitivities are based on Delta Lloyd accounting policies and are shown after tax. The interest rate sensitivities take into account the UFR methodology and are calculated using a fixed UFR (UFR is not changed).

Sensitivity analysis of investments

In millions of euros	Impact on result at 30 June 2016	Impact on shareholders' funds at 30 June 2016	Impact on result at 31 December 2015	Impact on shareholders' funds at 31 December 2015
Credit spreads +50 bps	-799.6	-820.6	-599.4	-615.5
Credit spreads -50 bps	879.1	901.1	654.9	671.8
Interest rates +25 bps	-1,059.6	-1,075.5	-862.6	-878.5
Interest rates -25 bps	1,121.4	1,137.7	911.7	928.0
Equity values +10%	-19.7	13.6	-7.3	82.4
Equity values -10%	20.9	-12.1	10.5	-78.4
Property values +10%	92.0	92.3	99.5	99.7
Property values -10%	-92.0	-92.3	-99.5	-99.7
Funding spreads +50 bps	-29.4	-29.4	-26.8	-26.8
Funding spreads -50 bps	29.4	29.4	26.8	26.8

Sensitivity analysis of liabilities

In millions of euros	Impact on result at 30 June 2016	Impact on shareholders' funds at 30 June 2016	Impact on result at 31 December 2015	Impact on shareholders' funds at 31 December 2015
Credit spreads +50 bps	-	-	-	-
Credit spreads -50 bps	-	-	-	-
Interest rates +25 bps	949.0	949.0	808.2	812.9
Interest rates -25ps	-994.3	-994.3	-845.7	-850.4
Equity values +10%	35.8	35.8	40.3	40.3
Equity values -10%	-38.1	-38.1	-46.9	-46.9
Property values +10%	-	-	-	-
Property values -10%	-	-	-	-
Mortality rates -5%	-276.7	-276.7	-218.0	-218.0
Expense risk +10%	-44.9	-36.4	-53.3	-35.5
Mortality rates +5%	262.8	262.8	203.5	203.5
IFRS discount curve with LLP 15yr	840.9	840.9	NA	NA
IFRS discount curve with UFR 3.7%	-232.9	-232.9	NA	NA
IFRS discount curve with LLP 15 yr and UFR 3.7%	494.3	494.3	NA	NA
VA +28 bps	1,025.4	1,025.4	NA	NA
VA -28 bps	-1,074.5	-1,074.5	NA	NA

Credit spread risk

Credit risk increased in the first half of 2016 mainly due to a higher exposure to sovereign bonds with a rating below AAA and an increased exposure due to the lower interest rates. Credit risk also increased due to increase of bond portfolio as part of the de-risking program (sell of equity). Credit spread sensitivities do not contain spread sensitivity to mortgages and mortgage funding. The sensitivity in the funding spread of mortgages is reported separately.

Interest rate risk

As of 30 June 2016, the new IFRS discount curve is used in estimating current market interest rates under IFRS. Sensitivities are calculated using a fixed UFR. In addition, due to historically low interest rates, interest rate sensitivity is based on a 0.25% increase or decrease in interest rates.

The sensitivity to both investments and liabilities increased due to the decreased interest rates in the first half of 2016. Given that the increase in the sensitivity of the investments is larger than the increase in the sensitivity of the liabilities, the total IFRS sensitivity increased compared to year-end 2015. A shock upward is most negative for IFRS purposes due to interest rate hedge policy of Delta Lloyd to hedge the SII SF ratio. See also the first pages of the risk management paragraph in which this is explained).

Equity risk

Since equity derivatives are valued at fair value with movement through profit and loss while other equity classes are not, there is a difference in the impact of equity risk on the results and on the shareholder's funds. Equity sensitivity during the first half of 2016 decreased significantly compared to year-end 2015 because of decreased exposure (sale of part of the portfolio) towards equities. In determining its equity sensitivities, Delta Lloyd takes into account the relationship between its equity risk profile and general market equity risk. If market equity values drop by 10%, a less severe loss is expected in Delta Lloyd's equity portfolio. This beta factor used to determine the equity sensitivities is based on an internal investigation of the equity portfolio and equals 84% for the first half of 2016 as well as at year-end 2015.

Property risk

Sensitivity to a fall in property markets slightly decreased in the first half of 2016 because of decreased exposure due to partial sale of the portfolio.

Funding spread risk

Sensitivity to mortgages and mortgage funding is reported separately under the funding spread sensitivity. The fair value of the mortgage portfolio depends on spreads obtained from the residential mortgage-backed securities (RMBS) market. As a result, there is no direct relationship in the valuation of mortgages to the corporate bond credit spread market. Delta Lloyd excludes mortgages with a national mortgage guarantee (NHG) when determining the funding spread sensitivity. The treatment of NHG mortgages is in line with the methodology under Basel. In addition, Delta Lloyd uses mortgages as matching assets for long-term insurance liabilities. In this respect, Delta Lloyd primarily faces default risk on its mortgage portfolio. The overall funding spread sensitivity remained fairy stable in the first half of 2016 compared to year-end 2015. The exclusion of mortgages with a NHG guarantee reduced both the +50 and -50 bps sensitivity for both the result and shareholders' funds by € 26.3 million in the first half of 2016.

Insurance risks

In addition to the impact of the main market risks on shareholders' funds, the sensitivity to a number of insurance risks is also presented. Mortality and longevity risk increased with approximately 30% compared to year-end 2015 because of an increase of the provision due to decreased interest rates. The impact of a 10% increase in expenses remained fairly stable compared to year-end 2015.

UFR and VA risk

As of 30 June 2016 the technical provision is determined using the new IFRS discount curve. For this reason additional sensitivities are presented in the sensitivity table, namely the impact on result and shareholders' funds by different UFR and VA levels in the IFRS discount curve. The IFRS discount curve is only used for the valuation of the liabilities; therefore these sensitivities only impact the liabilities. The VA sensitivities are slightly higher compared to the interest sensitivities, which matches expectations. The positive impact of changing the last liquid point (LLP) from 20 to 15 years outweighs the negative impact of lowering the UFR to 3.7% in the combined sensitivity (LLP of 15 and UFR of 3.7%).

Limitations of sensitivity analysis

The sensitivity tables demonstrate the effect of a change in one of the key assumptions while other assumptions remain unchanged. In reality, such an occurrence is very unlikely due to correlation between the factors. Furthermore, these sensitivities are non-linear, and larger or smaller impacts cannot easily be derived from the results. The sensitivity analysis does not take into consideration that Delta Lloyd's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs. The financial risk management strategy aims to actively manage the exposure to market fluctuations. Techniques used include selling investments, changing investment portfolio allocation and using derivative financial instruments. Another limitation in the sensitivity analysis is that the hypothetical market movements represent Delta Lloyd's view on reasonably possible near-term market changes, which cannot be predicted with any certainty. A final limitation is the assumption that all interest rates move in an identical direction (with exception of convergence to the UFR) while this may not be the case in practice.

2.7.2 Segment information

2.7.2.1 Segment results

Basis of accounting

Segment performance is evaluated using a profit or loss measure, which is measured differently in certain respects from the profit or loss in the consolidated financial statements. The Executive Board assesses the performance of the operational segments using operational result after tax and non-controlling interests.

Operational result after tax and non-controlling interests as presented by Delta Lloyd is a non-GAAP financial measure and is not a measure of financial performance under IFRS and should be considered in conjunction with Delta Lloyd's IFRS results. Operational result after tax and non-controlling interest should not be considered in isolation as an alternative to the IFRS result before tax from continuing operations or to other data presented in Delta Lloyd's financial statements as indicators of financial performance. Since operational result as presented by Delta Lloyd is not determined in accordance with IFRS, it may not be comparable to other similarly titled measures of performance of other companies.

Delta Lloyd's net IFRS income is inherently volatile, principally as a result of the application of mark-to-market accounting since 2006. Given this volatility, Delta Lloyd does not view net IFRS result as the most effective measure by which it can judge the operational performance.

Income and result for the first half of 2016

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and other activities	Elimi-nations	Total
Income							
Gross written premiums	1,322.6	835.3	-	-	-	-	2,157.8
Net premiums earned	1,302.1	653.7	-	-	-	-	1,955.8
Fee and commission income	61.1	27.1	12.6	48.1	27.4	-46.5	129.8
Net investment income							
Interest income	625.6	17.0	75.8	-	44.3	-34.2	728.5
Net rental income	23.2	-	-	-	-	-0.4	22.8
Dividends	105.7	3.7	-	-	0.3	-	109.7
Movements in the fair value of investments classified as held for trading	-2.2	-	-	-	-	-	-2.2
Movements in the fair value of investments classified as other than trading	3,227.7	41.8	-1.7	-	3.3	-	3,271.0
Realised gains and losses on investments classified as available for sale	93.8	65.0	0.1	-	2.2	-	161.1
Impairment of investments classified as available for sale	-5.7	-	-0.2	-	-0.1	-	-6.1
Reversal of impairment of investments classified as available for sale	-	0.2	-	-	-	-	0.2
Impairment of loans and receivables	-1.7	-	-3.2	-	-1.3	-	-6.2
Reversal of impairment of loans and receivables	3.8	-	2.1	-	1.1	-	7.0
Result from derivatives	1,472.3	-8.6	-12.3	-	-0.2	-	1,451.1
Other investment income	16.0	-0.5	-	-	-10.1	-4.8	0.7
Share of profit or loss after tax of associates	-5.3	-	-	1.6	-	-	-3.7
Total investment income	5,553.2	118.5	60.5	1.6	39.5	-39.5	5,733.8
Other income	0.7	-	-	-	-	0.1	0.8
Total income	6,917.1	799.3	73.1	49.7	66.9	-85.9	7,820.3
Total intercompany income	44.5	0.2	11.5	7.1	22.6	-85.9	-
Revenue from external customers	**6,872.6**	**799.1**	**61.6**	**42.6**	**44.3**	**-**	**7,820.3**
Result after tax and non-controlling interests	951.2	25.8	3.1	1.7	-56.4	-	925.5
Operational result after tax and non-controlling interests	250.8	-18.0	18.4	2.5	-28.3	-	225.4

Income and result for the first half of 2015

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and other activities	Elimi-nations	Total
Income							
Gross written premiums	1,487.4	777.4	-	-	-	-	2,264.8
Net premiums earned	1,460.3	619.4	-	-	-	-	2,079.7
Fee and commission income	42.1	28.8	12.5	57.1	24.9	-50.3	115.1
Net investment income							
Interest income	637.4	24.3	82.5	-	63.1	-43.2	764.1
Net rental income	40.5	-	-	-	-	-4.0	36.5
Dividends	158.1	3.1	-	-	-	-	161.1
Movements in the fair value of investments classified as held for trading	-0.9	-	-	-	-	-	-0.9
Movements in the fair value of investments classified as other than trading	-159.7	-16.0	-5.0	-	-11.5	-	-192.1
Realised gains and losses on investments classified as available for sale	159.1	19.2	0.1	-	-	-	178.3
Impairment of investments classified as available for sale	-8.9	-	-	-	-	-	-8.9
Result from loans and receivables	6.6	-	0.1	-	-	-	6.7
Impairment of loans and receivables	-10.7	-	-3.0	-	0.2	-	-13.6
Reversal of impairment of loans and receivables	14.7	-	1.5	-	0.1	-	16.3
Result from derivatives	-590.3	-5.6	1.7	-	18.5	-	-575.7
Other investment income	14.9	-	-	-	20.2	-4.3	30.8
Share of profit or loss after tax of associates	24.6	0.2	-	-	8.5	-	33.3
Total investment income	285.4	25.1	77.8	-	99.1	-51.5	435.9
Other income	5.1	-0.1	-	-	0.3	0.1	5.3
Total income	1,792.9	673.3	90.3	57.2	124.3	-101.8	2,636.1
Total intercompany income	33.9	0.1	19.6	10.1	38.2	-101.8	-
Revenue from external customers	**1,759.0**	**673.2**	**70.7**	**47.1**	**86.1**	**-**	**2,636.1**
Result after tax and non-controlling interests	-409.2	27.5	24.2	7.6	-182.8	-	-532.7
Operational result after tax and non-controlling interests	346.6	31.8	21.4	10.8	-30.3	-	380.2

Expenses for the first half of 2016

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and Other Activities	Elimi-nations	Total
Net claims and benefits paid	1,476.6	446.5	-	-	-	-	1,923.1
Total change in insurance liabilities, net of reinsurance	3,630.4	82.6	-	-	-	-	3,713.0
Charge to financial liability on behalf of third party interest in investment funds	185.9	-	-	-	-	-	185.9
Expenses relating to the acquisition of insurance, investment and other contracts	133.7	169.5	2.1	22.0	10.7	-46.7	291.4
Total finance costs	94.8	5.7	37.0	0.1	64.3	-38.8	163.1
Staff costs and other employee-related expenditures	64.0	65.5	12.9	12.7	82.4	-	237.5
Amortisation of intangible fixed assets	4.5	0.6	-	1.3	0.9	-	7.2
Depreciation of property and equipment	0.5	-	-	-	3.3	-	3.8
Operating expenses	60.0	43.0	16.9	11.8	-27.8	-0.4	103.4
Impairment of receivables	1.6	1.0	-	-	-	-	2.6
Reversal of impairment of receivables	-1.6	-1.1	-	-	-	-	-2.7
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-46.4	-57.6	-	-	-	-	-104.0
Total other operating expenses	82.4	51.5	29.7	25.8	58.8	-0.4	247.9
Total expenses	**5,603.9**	**755.8**	**68.9**	**47.9**	**133.8**	**-85.9**	**6,524.4**
Income tax	341.9	10.5	1.0	0.1	-10.5	-	343.0

Expenses for the first half of 2015

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and other activities	Elimi-nations	Total
Net claims and benefits paid	1,552.7	438.5	-	-	-	-	1,991.2
Total change in insurance liabilities, net of reinsurance	51.6	-31.9	-	-	-	-	19.6
Charge to financial liability on behalf of third party interest in investment funds	397.1	-	-	-	-	-	397.1
Expenses relating to the acquisition of insurance, investment and other contracts	142.4	161.9	2.1	22.5	9.8	-50.3	288.5
Total finance costs	90.7	6.0	40.5	-	79.2	-47.5	168.9
Staff costs and other employee-related expenditures	72.9	51.7	10.2	11.6	98.6	-	245.1
Amortisation of intangible fixed assets	4.4	0.6	0.1	1.3	1.2	-	7.6
Depreciation of property and equipment	1.5	-	-	-	2.4	-	3.9
Operating expenses	150.1	60.3	16.4	11.3	108.5	-4.0	342.7
Impairment of property and equipment	0.2	-	-	-	-	-	0.2
Impairment of receivables	0.6	5.2	-	-	-	-	5.8
Reversal of impairment of receivables	-0.7	-3.5	-	-	-	-	-4.2
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-47.6	-59.9	-	-	-	-	-107.4
Total other operating expenses	181.5	54.5	26.7	24.2	210.7	-4.0	493.6
Total expenses	**2,416.0**	**628.9**	**69.3**	**46.7**	**299.8**	**-101.8**	**3,359.0**
Income tax	-208.9	10.3	5.6	2.8	-1.6	-	-191.7

*Net claims and benefits paid include profit sharing and discounts.

2.7.2.2 Segment statement of financial position

Segment statement of financial position at 30 June 2016

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and Other Activities	Elimi-nations	Total
Intangible assets	60.3	24.5	-	8.8	262.7	-	356.3
Associates and joint ventures	39.6	-	-	1.8	1.6	-	43.1
Financial investments	62,088.7	2,389.4	5,048.5	-1.3	2,571.7	-1,340.8	70,756.2
Reinsurance assets	392.9	173.4	-	-	-	-	566.3
Assets held for sale	115.3	-	-	-	-	-	115.3
Other assets	6,727.1	477.9	546.9	39.5	4,597.1	-3,930.6	8,457.8
Total assets	**69,424.0**	**3,065.2**	**5,595.3**	**48.8**	**7,433.1**	**-5,271.4**	**80,295.0**
Total shareholders' funds	3,287.0	415.8	195.3	27.6	70.2	-	3,995.8
Insurance liabilities	46,987.8	2,237.6	-	-	-	-	49,225.4
Investment liabilities	6,824.8	-	-	-	-	-	6,824.8
Borrowings	968.0	130.0	1,733.6	-	2,992.1	-1,127.5	4,696.2
Other liabilities	11,356.4	281.9	3,666.5	21.3	4,370.8	-4,143.9	15,552.9
Total liabilities	66,137.0	2,649.4	5,400.0	21.3	7,362.9	-5,271.4	76,299.2
Total shareholders' funds and liabilities	**69,424.0**	**3,065.2**	**5,595.3**	**48.8**	**7,433.1**	**-5,271.4**	**80,295.0**
Property and equipment	-	-	-	-	4.6	-	4.6
Intangible assets	1.5	-	-	-	1.9	-	3.4
Total capital expenditure	1.5	-	-	-	6.5	-	8.0

Segment statement of financial position at 31 December 2015

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and other activities	Elimi-nations	Total
Intangible assets	63.3	25.1	-	10.0	261.7	-	360.1
Associates and joint ventures	194.8	5.4	-	0.3	78.4	-	278.9
Financial investments	58,816.7	2,357.8	4,854.3	22.4	2,646.0	-2,622.0	66,075.2
Reinsurance assets	392.2	169.9	-	-	-	-	562.1
Assets held for sale	-	-	-	-	29.2	-	29.2
Other assets	4,197.8	505.0	785.0	47.8	4,473.5	-3,846.4	6,162.7
Total assets	**63,664.9**	**3,063.1**	**5,639.3**	**80.4**	**7,488.9**	**-6,468.4**	**73,468.2**
Total shareholders' funds	2,706.6	529.8	192.3	59.5	-665.6	-	2,822.6
Insurance liabilities	43,749.6	2,040.3	-	-	-	-	45,789.9
Investment liabilities	6,304.5	-	-	-	-	-	6,304.5
Borrowings	965.5	130.0	1,308.4	-	3,052.1	-1,139.9	4,316.2
Other liabilities	9,938.6	363.1	4,138.5	20.9	5,102.4	-5,328.5	14,235.0
Total liabilities	60,958.3	2,533.3	5,447.0	20.9	8,154.5	-6,468.4	70,645.5
Total shareholders' funds and liabilities	**63,664.9**	**3,063.1**	**5,639.3**	**80.4**	**7,488.9**	**-6,468.4**	**73,468.2**
Property and equipment	1.7	-	-	-	7.1	-	8.8
Intangible assets	0.8	-	-	-	1.1	-	1.9
Total capital expenditure	2.5	-	-	-	8.2	-	10.7

2.7.2.3 Reconciliation of the primary financial statements

A reconciliation of operational result after tax and non-controlling interests to result before tax from continuing operations is as follows:

Reconciliation of the result for the first half

In millions of euros	2016	2015
Operational result after tax and non-controlling interests	225.4	380.2
Income tax	80.0	131.6
Non-controlling interests	14.6	14.7
Operational result before tax and non-controlling interests	320.0	526.6
Movement assets	4,521.7	-1,235.1
Movement liabilities	-3,404.5	258.2
Change in provision onerous contracts for subsidiaries sold	-	-229.1
Other	-141.2	-39.2
Result before tax from continuing operations	**1,295.9**	**-718.7**

The operational result in 2016 has been affected by the lower mortality result and the extreme weather conditions. Investment spread is lower due to de-risking and the effect of a higher required interest.

The required interest for the Life segment is calculated by means of a proxy, using the 13-year point on the Collateralised AAA curve (i.e. increasing interest rate from 0.67% per 31 March 2015 to 0.95% per 31 March 2016). This calculation is made on a monthly basis, where the 13-year point per 31 December 2015 is used for the monthly calculations in the first quarter of 2016 and the 13-year point per 31 March 2016 is used for the monthly calculations in the second quarter of 2016. As of the third quarter of 2016, the new IFRS discount curve will be used in this methodology to calculate the required interest. As a result, the ineffectiveness of the proxy (including the impact of the UFR) is currently not incorporated in the required interest for the Life segment. This ‘UFR effect’, i.e. a € 118.1 million loss in the first half of 2016 (first half of 2015: € 158.4 million loss), is subsequently not included in the operational result, but in the movement of liabilities.

In the first half of 2015, the increase of interest rates led to a lower ‘movement of assets’, as the market value of the fixed income portfolio decreased. In 2016, positive credit spread developments combined with lower interest rates had a positive impact on the market value.

In the first half of 2015, the Collateralised AAA curve was volatile. After continuing to fall in the first few months of the year, the Collateralised AAA curve showed an upward trend. This resulted in a release of the insurance provision. In 2016, the curve remained volatile, but with an overall downward trend. This strengthened the provision in 2016, partly offset by the positive impact of switching from the Collateralised AAA curve to the new IFRS discount curve. See section 2.7.8 ‘Insurance liabilities’ for more details.

‘Other’ consists mainly of Amstelhuys’ negative result of € 14.3 million in the first half of 2016 (first half of 2015: positive result of € 21.4 million), the positive net result of Delta Lloyd Bank Belgium for an amount of € 8.9 million in the first half of 2015 only, the negative impact of group elimination of pensions in the first half of 2016 for an amount of € 75.3 million (first half of 2015: positive impact of € 10.5 million) and non-operational expenses for an amount of € 54.0 million (first half of 2015 € 66.7 million).

Management cost base per segment for the first half

In millions of euros	2016	2015
Life Insurance	110.6	125.5
General Insurance	103.1	106.8
Bank	25.1	24.6
Asset Management	22.6	20.2
Corporate and other activities	37.3	34.5
Total	**298.7**	**311.7**

Reconciliation IFRS operational costs to other operating expenses for the first half

In millions of euros	2016	2015
Total other operating expenses*	247.9	555.0
Operating expenses Delta Lloyd Bank Belgium	-	-61.4
Other operating expenses	247.9	493.6
Allocated to expenses relating to the acquisition of insurance and investment contracts	104.0	107.4
Movement in other provisions	0.8	-231.5
Non-operational costs	-54.0	-66.7
Other	-	8.9
Management cost base	**298.7**	**311.7**

*See section 2.2 'Consolidated Income Statement'.

The non-operational costs for the first half of 2016 consist mainly of the costs from the sale of Van Lanschot for amount of € 6.4 million and several non-operational strategic and other projects for an amount of € 38.9 million. In the first half of 2015, the non-operational costs consisted mainly of impairments for an amount of € 2.3 million, several non-operational strategic and other projects for an amount of € 34.9 million and the fine imposed by the Dutch central bank of € 22.7 million.

Other operating expenses mainly decreased due to the provision for onerous contracts recognised in the first half of 2015 (€ 229.1 million) for the sale of Delta Lloyd Deutschland, Delta Lloyd Bank Belgium and several equity securities in private equity and hedge funds.

The table below provides details of the other operating expenses.

Other operating expenses for the first half

In millions of euros	2016	2015
Staff costs and other employee-related expenditures	237.5	245.1
Amortisation of intangible fixed assets	7.2	7.6
Depreciation on property and equipment	3.8	3.9
Operating expenses	103.4	342.6
Impairment of property and equipment	-	0.2
Impairment of receivables	2.6	5.8
Reversal of impairment of receivables	-2.7	-4.2
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-104.0	-107.4
Total other operating expenses	**247.9**	**493.6**

Allocated to expenses relating to the acquisition of insurance and investment contracts of € 104.0 million (first half of 2015: € 107.4 million) includes acquisition costs of € 71.3 million (first half of 2015: € 74.2 million) and costs for handling claims of € 32.7 million (first half of 2015: € 33.2 million).

2.7.3 Assets held for sale

Assets and liabilities relating to assets held for sale

In millions of euros	30 June 2016	31 December 2015
Equity securities (private equity)	-	29.2
Derivatives related to life settlement	115.3	-
Total assets held for sale	**115.3**	**29.2**
Total liabilities relating to assets held for sale	**-**	**-**

The sale of the private equity security was finalised in the first quarter of 2016. The impact of this transaction on the comprehensive income amounted to nil, but still consisted of a realised gain of € 2.1 million offset by a negative result caused by the release of the revaluation reserve in equity amounting to € 2.1 million.

As of 30 June 2016, derivatives relating to life settlement are classified as held sale because the selling process is expected to be finalised in the second half of 2016. The value of these derivatives depends on the value of the life settlement contracts issued and is established by using best estimate principles. These contracts are valued using a fair value market approach at current market rates.

2.7.4 Associates

Statement of changes in associates

In millions of euros	30 June 2016	31 December 2015
Carrying value at 1 January	278.9	338.3
Disposals	-212.3	-13.0
Capital withdrawal	-8.2	-63.0
Share of result after tax	-3.7	82.6
Dividends received	-5.6	-26.6
Fair value changes in equity	-4.9	-39.5
Other movements	-1.1	0.2
Total	**43.1**	**278.9**

Disposals in the first half of 2016 relate to the sale of Van Lanschot. At the moment of the sale, Delta Lloyd held a 30.2% stake in Van Lanschot at a net equity value of € 212.3 million. The impact of this transaction on the comprehensive income amounted to a realised loss of € 13.9 million. The total impact on profit for the period amounted to a loss of € 19.7 million which includes the release of the revaluation reserve in equity amounting to € 5.8 million negative. The impact of € 13.9 million on comprehensive income does not include the expenses relating to the sale of Van Lanschot for € 6.4 million.

The capital withdrawals in the first half of 2016 relate to Project Holland Fonds CV. Dividends were received from Van Lanschot.

2.7.5 Financial investments own risk

Debt and equity securities for own risk

In millions of euros	30 June 2016	31 December 2015
Debt securities	31,985.5	28,342.1
Equity securities	1,384.7	2,169.3
Total	**33,370.1**	**30,511.3**

Compared to year-end 2015, the value of the debt securities increased, mainly due to fair value gains related to the decrease in interest rates. The value of the equity securities decreased compared to year-end 2015, mainly due to disposals to reduce equity risk further.

Fair value of debt and equity securities for own risk by category at 30 June 2016

In millions of euros	Debt securities	Equity securities	Total
Recognised at fair value through profit or loss other than trading	30,393.5	471.7	30,865.2
Available for sale	1,592.0	913.0	2,505.0
Total	**31,985.5**	**1,384.7**	**33,370.1**

Fair value of debt and equity securities for own risk by category at 31 December 2015

In millions of euros	Debt securities	Equity securities	Total
Recognised at fair value through profit or loss other than trading	26,824.0	1,133.8	27,957.8
Available for sale	1,518.1	1,035.5	2,553.6
Total	**28,342.1**	**2,169.3**	**30,511.3**

Accumulated impairment of debt securities available for sale

In millions of euros	30 June 2016	31 December 2015
At 1 January	14.1	13.5
Impairment charges during the period	0.3	0.8
Reversal of impairment charges during the year	-0.2	-0.0
Disposals	-	-0.1
Total	**14.2**	**14.1**

Accumulated impairment of equity securities available for sale

In millions of euros	30 June 2016	31 December 2015
At 1 January	316.4	492.4
Impairment charges during the period	5.7	22.7
Disposals	-14.6	-198.6
Total	**307.6**	**316.4**

Derivatives for own risk

In millions of euros	Contract / notional amount 30 June 2016	Fair value asset 30 June 2016	Fair value liability 30 June 2016	Contract / notional amount 31 December 2015	Fair value asset 31 December 2015	Fair value liability 31 December 2015
OTC foreign exchange forwards*	2,926.3	22.5	19.6	4,438.1	18.2	27.3
Interest rate contracts						
OTC						
Interest rate and currency swaps held for fair value hedge accounting	1,475.9	-	110.8	1,461.3	3.9	174.5
Interest rate and currency swaps not held for fair value hedge accounting	15,306.4	2,784.5	61.1	16,037.0	1,456.0	142.4
Options	3,072.0	75.3	-	2,332.0	44.8	0.8
Exchange-traded						
Futures	590.4	-	-	818.2	-	-
Total interest rate contracts	20,444.6	2,859.9	171.8	20,648.5	1,504.7	317.8
Equity/index contracts						
OTC						
Swaps	3,711.6	-	887.0	3,866.6	-	643.4
Options	202.2	0.2	-	232.4	2.1	-
Exchange-traded						
Futures	0.2	-	-	0.2	-	-
Total equity/index contracts	3,914.0	0.2	887.0	4,099.2	2.1	643.4
Longevity derivatives	-	28.0	-	-	29.0	-
Derivatives related to life settlement	-	-	-	-	118.9	-
Credit default swaps	599.6	2.2	8.2	473.0	3.1	3.4
Total	**27,884.5**	**2,912.8**	**1,086.6**	**29,658.8**	**1,675.9**	**991.9**

* The comparative figure of the notional amounts has been adjusted; this has no impact on the fair values of underlying derivatives, the financial position or any other disclosures in this report.

The credit risk for most of the derivative positions is nil as they are fully cash-collateralised. The derivatives related to life settlement had been reclassified to held for sale. See section 2.7.3 ‘Discontinued operations and assets and liabilities held for sale’

Loans and receivables

In millions of euros	30 June 2016	31 December 2015
Loans at fair value through profit or loss	5,149.0	5,235.9
Loans and receivables at amortised cost	11,417.8	10,676.9
Total	**16,566.8**	**15,912.7**

Loans at fair value through profit or loss include € 5,012.9 million of mortgages (year-end 2015: € 5,106.6 million). Delta Lloyd uses the bottom-up approach for the valuation of the Dutch residential mortgages. In order to take relevant market information into account, Delta Lloyd calculates the discount spread using the top-down approach as well. If the top-down spread is higher than the bottom-up spread, Delta Lloyd calibrates the bottom-up spread using a benchmark spread.

The table below shows the loan to market value (LTMV) of the standard and securitised mortgages. The LTMV is the residual amount compared with the sale value in a private sale with vacant possession. The NHG mortgage portfolio is secured on an annuity basis.

Loan to market value

In percentages	30 June 2016	31 December 2015
NHG < 100%	23%	21%
NHG > 100%	23%	25%
< 70%	15%	13%
70% - 90%	16%	14%
90% - 100%	6%	6%
100% - 110%	6%	6%
110% - 120%	6%	7%
> 120%	5%	8%
Total	**100%**	**100%**

Almost all mortgages relate to residential properties. Of the mortgages issued in the first half of 2016, 49.27% (year-end 2015: 44.88%) have a loan-to-value ratio that is less than 90%. As of 30 June 2016, a revised calculation method is used, resulting in a slight increase in the figure. Comparative figures are adjusted accordingly. Dutch mortgages guaranteed through the NHG scheme account for 35.50% (year-end 2015: 39.54%) of the 2016 portfolio. No new mortgages were issued with a loan-to-value ratio exceeding 102% without the applicant pledging additional collateral. No derivative instruments were contracted to mitigate any credit risk related to mortgage loans. Delta Lloyd does not believe hedging is required, given the relatively small credit risk exposure.

The economic crisis has had a major impact on the housing market and employment, and Delta Lloyd is committed to proactively helping its customers avoid and resolve any financial difficulties they might face. This commitment stems from Delta Lloyd's duty of care to its customers throughout the entire mortgage product cycle. Forbearance measures are taken in cases where customers temporarily experience:

- Double housing costs, in which case Delta Lloyd gives customers the option to rent out the property, but under strict conditions;
- The threat of getting into financial difficulty, in which case Delta Lloyd provides information offering temporary or permanent solutions;
- Financial problems resulting from a permanent decrease in income, in which case Delta Lloyd restructures the mortgage.

The maximum exposure on double housing costs is € 40.6 million (year-end 2015: € 41.1 million) on a total mortgage portfolio of € 13.4 billion (year-end 2015: € 13.3 billion). Delta Lloyd takes a proactive approach toward customers who are likely to get into financial difficulties due to their mortgage product type (securities-based).

The table below provides an overview of the gross carrying amount of mortgages, for which measures have been taken to minimise the financial difficulties of customers or the risk of financial difficulties.

Overview of forborne assets at 30 June 2016

In millions of euros		Performing assets		Non-performing assets			
	Gross carrying amount	Temporary modification	Permanent modification	Temporary modification	Permanent modification	Total forborne assets	Forbearance ratio
Mortgages	13,419.4	37.9	38.9	25.8	3.3	105.9	0.8%
Total	**13,419.4**	**37.9**	**38.9**	**25.8**	**3.3**	**105.9**	**0.8%**

Overview of forborne assets at 31 December 2015

In millions of euros		Performing assets		Non-performing assets			
	Gross carrying amount	Temporary modification	Permanent modification	Temporary modification	Permanent modification	Total forborne assets	Forbearance ratio
Mortgages	13,266.1	0.7	6.1	3.0	28.8	38.5	0.3%
Total	**13,266.1**	**0.7**	**6.1**	**3.0**	**28.8**	**38.5**	**0.3%**

Forborne assets have been recorded since 2014. As mortgage loans have a long duration, the total amount of forborne assets is expected to increase because forborne assets of past periods can continuously remain part of the total outstanding balance. Most of the 2014 and 2015 forborne assets are also included in the balance at 30 June 2016. As of 2015, mortgage loans with payment arrears of more than six months that emerged over the past year are included. As of 30 June 2016, the forbearance policy has been fine-tuned, resulting in an increase in the forborne assets.

Accumulated impairment of loans and receivables at amortised cost

In millions of euros	30 June 2016	31 December 2015
At 1 January	55.2	61.1
Impairment charges during the period	7.7	27.4
Reversal of impairment charges during the year	-7.8	-26.9
Disposals	-0.4	-6.4
Total	**54.6**	**55.2**

2.7.6 Investments at policyholders' risk

Carrying value of financial investments related to unit-linked liabilities

In millions of euros	30 June 2016	31 December 2015
Debt securities	4,903.2	4,417.9
Equity securities	9,904.6	9,847.5
Derivatives	321.1	154.6
Receivables and other financial assets	46.7	25.8
Accrued interest and prepayments	43.5	58.4
Cash and cash equivalents	53.4	99.8
Total	**15,272.4**	**14,604.0**
The associated liabilities are:		
Unit-linked contracts classified as insurance contracts	12,870.5	12,591.8
Unit-linked contracts classified as investment contracts	1,532.1	1,358.1
Derivatives liabilities	2.8	21.7
Other liabilities	-	-
Total	**14,405.4**	**13,971.6**

The difference between the total assets and the associated liabilities is mainly due to the elimination of the Delta Lloyd pension contract at group level offset by specific investment funds for own risk that Delta Lloyd Levensverzekering forms for unit-linked clients and separate accounts, given the guarantees issued.

2.7.7 Share capital

The company's ordinary and preference share capital is as follows:

Share capital

In millions of euros	30 June 2016	31 December 2015
912,365,110 ordinary shares with a nominal value of € 0.20 each (2015: 360,000,000)	182.5	72.0
15,000,000 convertible preference shares A with a nominal value of € 0.20 each (2015: 15,000,000)	3.0	3.0
927,365,110 convertible preference shares B with a nominal value of € 0.20 each (2015: 375,000,000)	185.5	75.0
Total authorised share capital of the company	**370.9**	**150.0**
456,182,555 ordinary shares with a nominal value of € 0.20 each (2015: 228,614,612 with a nominal value of € 0.20 each)	91.2	45.7
Total issued share capital of the company	**91.2**	**45.7**
The 10,021,495 (2015: 10,021,495) outstanding convertible preference shares A with a nominal value of € 0.20 each are recognised as a convertible loan.	2.0	2.0

The Articles of Association were amended on 11 April 2016, after the Extraordinary General Meeting on 16 March 2016 approved the amendment of the Articles of Association to increase the authorised share capital due to the rights issue.

Ordinary shares have equal ranking and are entitled to dividends and other distributions declared, made or paid by the company.

The shares in issue were fully paid-up, and each share entitles the bearer to cast one vote.

Statement of changes in ordinary shares

In numbers	30 June 2016	31 December 2015
At 1 January	228,614,612	199,330,887
Issue of shares	227,567,943	19,933,087
Stock dividend	-	9,350,638
Total	**456,182,555**	**228,614,612**

The rights issue of € 650.0 million was approved in the Extraordinary General Meeting of Shareholders held on 16 March 2016.

Shortly thereafter, Delta Lloyd issued 227,567,943 new ordinary shares with a nominal value of € 0.20 at an issue price of € 2.85 per share.

As a result of the increase in ordinary shares, the preference shares B were increased by the same number of shares.

2.7.8 Insurance liabilities

Insurance liabilities at 30 June 2016

In millions of euros	Life	General	Total
Discretionary participating contracts	4,399.9	-	4,399.9
Non-discretionary participating contracts	3,223.2	-	3,223.2
Unit-linked non-participating contracts	12,870.5	-	12,870.5
Other non-participating contracts	26,494.2	-	26,494.2
Outstanding claims provisions	-	1,387.7	1,387.7
Provision for claims-handling expenses	-	69.1	69.1
Provision for claims incurred but not reported	-	433.9	433.9
Provision for unearned premiums	-	346.9	346.9
Total	**46,987.8**	**2,237.6**	**49,225.4**

Insurance liabilities at 31 December 2015

In millions of euros	Life	General	Total
Discretionary participating contracts	4,024.2	-	4,024.2
Non-discretionary participating contracts	3,137.5	-	3,137.5
Unit-linked non-participating contracts	12,591.8	-	12,591.8
Other non-participating contracts	23,996.2	-	23,996.2
Outstanding claims provisions	-	1,358.2	1,358.2
Provision for claims-handling expenses	-	64.7	64.7
Provision for claims incurred but not reported	-	399.0	399.0
Provision for unearned premiums	-	218.3	218.3
Total	**43,749.6**	**2,040.3**	**45,789.9**

Statement of changes in life insurance business provisions

In millions of euros	30 June 2016	31 December 2015
At 1 January	43,749.6	43,492.0
Provisions in respect of new business	360.3	939.1
Expected change in existing business provisions	-391.7	-977.0
Movement in longevity provision	534.0	97.3
Variance between actual and expected experience	117.3	-122.3
Effect of operating assumption changes	-0.2	93.5
Effect of economic assumption changes	2,580.1	-68.2
Other movements recognised as expense	38.3	-87.3
Change in liability recognised as expense	3,238.2	-125.0
Other movements not recognised as expense	-	382.6
Total	**46,987.8**	**43,749.6**

The expected change in existing business provisions and the variance between actual and expected experience relate to claims, interest and portfolio developments.

New business decreased compared to same period last year (from € 457.4 million to € 360.3 million). This decrease is a direct effect of Delta Lloyd's strategy to write customer-focused, profitable and capital-generative new business.

The increase in the total insurance liabilities is mainly due to the effect of economic assumptions, which is mainly the result of movements in market interest rates and the introduction of the IFRS discount curve for calculating the insurance liabilities (see section 2.6.2 'Use of assumptions and estimates'). For Delta Lloyd, the average decrease in the curve of 71 bps increased its insurance liability by € 2,589.3 million (excluding the longevity provision). This includes the effect of introducing the IFRS discount curve, which resulted in a decrease of € 435.6 million in the insurance liabilities (excluding the longevity provision) since the IFRS discount curve is slightly above the Collateralised AAA curve. The movements in the provisions for interest rate guarantees on unit-linked and segregated funds are also included in the economic assumption changes. The movements in the provision for the unit-linked portfolio, due to changes in the underlying investments, are recognised as expected change in existing business provisions and the variance between actual and expected experience.

The increase in the longevity provision for Delta Lloyd Levensverzekering is mainly due to decreasing interest rates (i.e. the effect of the decrease in the Collateralised AAA curve of € 272.0 million increase of the provision partially offset by the introduction of the IFRS discount curve of € -84.2 million decrease of the provision) and a revised calculation method in the first half of 2016 (€ 330.5 million increase of the provision). See section 2.6.2 'Use of assumptions and estimates' for more details.

Other movements recognised as expenses of € 38.3 million mainly relate to an increase of the revaluation of the savings mortgages due to a decrease in the swap curve in the calculation at ABN AMRO Levensverzekering (€ 60.2 million). This is partly offset by the following effects at Delta Lloyd Life Belgium:

- The recalculated effect of a product conversion model refinement (€ -11.1 million);
- Adjustments to the calculation of the non-hedgeable operational risks as part of the risk margin (€ 2.2 million);

- Change in profit-sharing parameters (€ -5.4 million);
- Other adjustments (€ -7.6 million).

Statement of changes in general insurance provisions

In millions of euros	30 June 2016	31 December 2015
At 1 January	2,040.3	2,170.4
Premiums written during the year	835.3	1,354.7
Premiums earned during the year	-706.7	-1,355.3
Movement in premium provision recognised as expense	128.6	-0.6
Effect of operating assumption changes	-	-21.5
Effect of economic assumption changes	28.0	-1.3
Claim losses and expenses incurred in the current year	487.8	901.0
Movement in anticipated claim losses and expenses incurred in prior years	27.8	-17.6
Incurred claims losses and expenses	543.7	860.6
Payments made on claims incurred in the current year	-156.6	-439.6
Payments made on claims incurred in prior years	-326.3	-542.6
Recoveries on claim payments	6.2	12.0
Claims payments made in the year, net of recoveries	-476.7	-970.1
Movement in claims provision recognised as expense	67.0	-109.6
Increase in provision due to passage of time recognised as expense	1.8	4.3
Transfer of liabilities to third party	-	-24.1
Other gross movements	-	-0.2
Total	**2,237.6**	**2,040.3**

The movement in the provision for unearned premium amounts to € 128.6 million and mainly relates to the seasonal effect whereby a relatively large part of the premiums are written in the first half of the year, but are actually earned in the second half.

The change in economic assumptions can be attributed to the movement in the Collateralised AAA curve from the beginning of the period (€ 33.1 million) and the introduction of the IFRS discount curve(€ -5.3 million).

The claim losses and expenses incurred in 2016 include the anticipated impact of the severe weather conditions in the Netherlands in June of € 48.0 million (of which € 3.6 million is reinsured).

2.7.9 Liabilities for investment contracts

Liabilities for investment contracts

In millions of euros	30 June 2016	31 December 2015
Discretionary participating policies (fair value)	4,838.8	4,481.6
Non-participating investment contracts (amortised cost)	453.9	464.8
Unit-linked contracts (fair value)	1,532.1	1,358.1
Total	**6,824.8**	**6,304.5**

Statement of changes in liabilities for investment contracts

In millions of euros	30 June 2016	31 December 2015
At 1 January	6,304.5	6,154.3
Provisions in respect of new business	110.1	171.0
Expected change in existing business provisions	85.5	267.5
Variance between actual and expected experience	-154.4	-165.1
Effect of changes in assumptions	512.9	-0.9
Other movements	-33.7	-122.3
Total	**6,824.8**	**6,304.5**

The effect of changes in assumptions of € 512.9 million is mainly due to the result of movements in market interest rates and the introduction of the IFRS discount curve for calculating the investment contracts liabilities (effect of the introduction of the IFRS discount curve € -43.1 million). See section 2.6.2 'Use of assumptions and estimates' for more details.

The other movements relate to the liabilities for investment contracts of Delta Lloyd Life Belgium and include the effect of revised profit-sharing parameters of € -48.4 million.

2.7.10 Pension obligations

Pension obligations increased during the first half of 2016 from € 2,501.6 million at year-end 2015 to € 2,936.0 million. This is mainly due to the lower discount rate for first half of 2016 (for the Netherlands 1.35%) compared to 2015 (for the Netherlands 2.25%). The current IFRS coverage ratio, calculated as investments divided by defined benefit obligation, is 117% (year-end 2015: 123%).

Delta Lloyd is in consultation for the implementation of a new pension scheme in the Netherlands from 2017 onwards.

Pension expenses for the first half

In millions of euros	2016	2015
Current service cost	26.7	33.3
Net interest expense	27.9	27.9
Pension expense for defined benefit plans	54.5	61.2
Pension expense for defined contribution plans	1.1	0.5
Total pension expense recognised in the income statement	55.7	61.7
Investment income (gain)/loss	-369.3	100.0
Total pension result recognised in the income statement	-313.6	161.7
Actuarial (gains) and losses recognised in the income statement	0.1	-
Actuarial (gains) and losses recognised in OCI	389.3	-141.9
Total net pension result	**75.7**	**19.8**
Net pension expense from discontinued operations	**-**	**-1.2**

Changes in other comprehensive income for the first half

In millions of euros	2016	2015
At 1 January	-753.7	-890.2
Actuarial gains and (losses) on pension obligations due to changes in financial assumptions (mainly discount rate change)	-425.9	229.5
Actuarial gains and (losses) on pension obligations due to adjustment for funding agreement	46.5	-112.9
Actuarial gains and (losses) on pension obligations due to experience adjustments	6.0	-8.2
Actuarial gains and (losses) on pension assets	-15.9	34.7
Actuarial gains and (losses) due to change in asset ceiling	-	0.7
Transfer of liabilities/assets to held for sale category	-	-1.9
Total changes in other comprehensive income	-389.3	141.9
At 30 June	**-1,143.0**	**-748.3**

Sensitivity analysis of defined benefit obligations

In millions of euros	Impact on equity 30 June 2016	Impact on equity 31 December 2015
Interest rate risk +25 bps	122.1	101.6
Interest rate risk -25 bps	-122.1	-101.6
Value of equity shares +10%	-61.3	-65.2
Value of equity shares -10%	61.3	65.2

2.7.11 Borrowings

Delta Lloyd securitised a portfolio of mortgage loans in June 2016. The issue involved an amount of € 622.6 million under the name of Arena NHG 2016-1. The loans are backed by the Dutch national mortgage guarantee scheme NHG.

The contract maturity date is July 2048 and the anticipated maturity date is July 2021. The Class A1 and Class A2 notes have a floating interest rate, while the Class A3 notes are fixed at 0.273%. The tranches with the highest risk are held as own book for an amount of € 122.6 million.

2.7.12 Financial liabilities

Financial liabilities

In millions of euros	30 June 2016	31 December 2015
Savings	2,779.8	2,695.9
Demand deposits	2,862.5	1,386.1
Deposits	1,103.4	981.0
Customer savings and deposits	6,745.8	5,063.0
Other financial liabilities	279.2	122.8
Financial liabilities	**7,025.0**	**5,185.7**
Expected to be settled within one year	4,903.4	3,041.0
Expected to be settled in more than one year	2,121.6	2,144.7
Total	**7,025.0**	**5,185.7**

The increase in demand deposits is due to collateral repayment obligations primarily held by Delta Lloyd Levensverzekeringen.

2.7.13 Contingent assets and liabilities

Delta Lloyd NV/Highfields

Highfields Capital Management LP and a number of related entities (collectively Highfields) have commenced what is called 'enquiry proceedings' in the Enterprise Chamber of the Amsterdam Court of Appeal against Delta Lloyd NV. Their request in these proceedings for injunctive relief to block the voting on Delta Lloyd's € 650 million rights issue has been denied by the court, but Highfields request for an enquiry into the company's affairs as of 1 January 2015 is still pending. Closing arguments were presented on 30 June 2016 and a ruling is currently awaiting.

2.7.14 Fair value of assets and liabilities

Financial assets and liabilities are categorised according to the fair value hierarchy. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

The tables below show assets and liabilities measured at fair value and the total carrying value to maintain the link with the relevant statement of financial position items.

Assets at 30 June 2016

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	55.0	72.5	-	72.5	-
Investment property	1,092.4	1,092.4	-	998.6	93.8
Debt securities	31,985.5	31,985.5	31,683.0	253.7	48.7
Equity securities	1,384.7	1,384.7	695.5	332.4	356.8
Derivatives	2,912.8	2,912.8	0.2	2,884.6	28.0
Loans at fair value through profit or loss	5,149.0	5,149.0	-	5,117.7	31.3
Loans and receivables at amortised cost	11,417.8	12,801.2	-	12,801.2	-
Receivables and other financial assets	1,012.4	1,012.4	254.0	758.4	-
Accrued interest and prepayments	494.1	494.1	317.1	176.9	0.1
Cash and cash equivalent	5,362.5	5,362.5	5,362.5	-	-
Assets held for sale	115.3	115.3	-	-	115.3
Total assets for own risk	60,981.3	62,382.4	38,312.4	23,396.0	673.9
Investments at policyholders' risk	15,272.4	15,272.4	14,230.5	957.0	85.0
Third party interests in consolidated investment funds	2,634.1	2,634.1	2,546.2	41.3	46.6
Total	**78,887.9**	**80,288.8**	**55,089.1**	**24,394.3**	**805.5**

Assets at 31 December 2015

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	55.1	72.4	-	72.4	-
Investment property	1,052.2	1,052.2	-	953.9	98.3
Debt securities	28,342.1	28,342.1	28,072.2	235.6	34.3
Equity securities	2,169.3	2,169.3	1,338.3	435.3	395.7
Derivatives	1,675.9	1,675.9	2.1	1,525.9	147.9
Loans at fair value through profit or loss	5,235.9	5,235.9	-	5,209.4	26.5
Loans and receivables at amortised cost	10,676.9	11,972.1	-	11,972.1	-
Receivables and other financial assets	1,376.8	1,416.5	25.9	1,390.5	-
Accrued interest and prepayments	539.0	539.0	397.3	141.7	0.1
Cash and cash equivalent	2,503.4	2,503.4	2,503.4	-	-
Assets held for sale	29.2	29.2	-	-	29.2
Total assets for own risk	53,655.8	55,008.0	32,339.2	21,936.9	731.9
Investments at policyholders' risk	14,604.0	14,604.0	13,863.8	660.6	79.6
Third-party interests in investment funds	3,371.2	3,371.2	3,267.4	65.8	38.0
Total	**71,631.0**	**72,983.1**	**49,470.4**	**22,663.3**	**849.5**

Financial liabilities at 30 June 2016

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Liabilities for investment contracts					
Liabilities for investment contracts designated at fair value	6,370.9	6,370.9	1,325.0	5,045.9	-
Liabilities for investment contracts at amortised cost	453.9	504.9	-	504.9	-
Total liabilities for investment contracts	6,824.8	6,875.8	1,325.0	5,550.7	-
Subordinated debt	1,355.2	1,357.6	1,139.4	218.2	-
Securitised mortgage loan notes					
Securitised mortgage loan notes designated at fair value	436.5	436.5	436.5	-	-
Securitised mortgage loan notes at amortised cost	2,158.5	2,177.9	1,667.4	510.5	-
Total securitised mortgage loan notes	2,594.9	2,614.4	2,103.9	510.5	-
Other borrowings					
Medium-term note	574.0	604.4	604.4	-	-
Commercial paper	170.0	170.0	170.0	-	-
Convertible loan	2.0	0.8	-	0.8	-
Total other borrowings	746.0	775.2	774.4	0.8	-
Derivatives	1,086.6	1,086.6	-	1,086.6	-
Customer savings and deposits	6,745.8	6,958.3	4,061.5	2,896.7	-
Other financial liabilities	279.2	279.2	-	279.2	-
Total financial liabilities for own risk	19,632.6	19,946.9	9,404.2	10,542.7	-
Investments at policyholders' risk	2.8	2.8	-	2.8	-
Third party interests in consolidated investment funds	2,634.1	2,634.1	-	2,634.1	-
Total	**22,269.5**	**22,583.9**	**9,404.2**	**13,179.6**	**-**

Financial liabilities at 31 December 2015

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Liabilities for investment contracts					
Liabilities for investment contracts designated at fair value	5,839.7	5,839.7	1,147.6	4,692.0	-
Liabilities for investment contracts at amortised cost	464.8	506.1	-	506.0	-
Total liabilities for investment contracts	6,304.5	6,345.8	1,147.6	5,198.1	-
Subordinated debt	1,352.4	1,442.4	1,220.7	221.7	-
Securitised mortgage loan notes					
Securitised mortgage loan notes designated at fair value	468.8	468.8	468.8	-	-
Securitised mortgage loan notes at amortised cost	1,754.4	1,769.9	1,362.5	407.4	-
Total securitised mortgage loan notes	2,223.2	2,238.7	1,831.4	407.4	-
Other borrowings					
Medium-term note	573.7	609.7	609.7	-	-
Commercial paper	164.9	164.9	164.9	-	-
Convertible loan	2.0	0.8	-	0.8	-
Total other borrowings	740.5	775.3	774.6	0.8	-
Derivatives	991.9	991.9	-	991.9	-
Customer savings and deposits	5,063.0	5,269.4	2,310.9	2,958.5	-
Other financial liabilities	122.8	122.8	-	122.8	-
Total financial liabilities for own risk	16,798.3	17,186.4	7,285.2	9,901.1	-
Investments at policyholders' risk	21.7	21.7	-	21.7	-
Third party interests in consolidated investment funds	3,371.2	3,371.2	-	3,371.2	-
Total	**20,191.2**	**20,579.2**	**7,285.2**	**13,294.0**	**-**

The fair value of assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under the current market conditions. The way the fair value is established for each statement of financial position category is set out below.

Assets

Property and equipment, investment property and inventory of real estate projects

The fair value is assessed by qualified external appraisers, in compliance with international valuation standards published by the International Valuation Standards Committee and/or the regulations and standards in the valuation standards prescribed by the Royal Institution of Chartered Surveyors.

Desktop appraisals are performed every six months and full appraisals are carried out every three years. All investment properties in the Netherlands and Belgium were fully appraised at the end of 2015. Each appraisal is independently executed by two external appraisers. The main assumptions used in property appraisals are the current leases discounted by the gross initial yield. Also taken into account as assumptions are the best estimates of future renovations and maintenance and probability of vacancy, future rent discount and re-letting expectations.

The investment property of the Dutch residential portfolio and some of the owner-occupied properties are recognised under fair value level 2 because the property appraisals are based on observable data in active markets.

The fair value of equipment is not materially different from the carrying value. The carrying value is determined by historical cost less accumulated depreciation and impairment.

Financial instruments (debt securities, equity securities and derivatives)

Quoted prices in an active market ('unadjusted, market observable prices') are sought first. If such prices are not available or if there is no active market, financial instruments are measured using input available in the market other than market prices: measurement derived from pricing. If no direct external or derived market prices are available, Delta Lloyd uses brokers' quotes. This category includes measurement based on Delta Lloyds own measurement models (for derivative financial instruments) and statements from fund managers (for private equity investments).

Loans at fair value through profit or loss and loans and receivables at amortised cost

The fair value of loans (including mortgages) and receivables is estimated by comparing discounted future cash flows using market interest rates at the date the loan was issued against current market interest rates for similar loans and advances at the reporting date. The measurement model takes into account observable as well as non-observable inputs. As far as possible, the input for the model uses observable market data rather than unobservable data. With regard to the mortgage portfolio, observable inputs used are risk-free interest rates (i.e. swaps), illiquidity/funding spreads (i.e. RMBS spreads) and an extra spread to incorporate additional market observable data (i.e. primary consumer pricing). Non-observable inputs include servicing cost, early repayment probabilities, credit spreads, and a solvency spread for future parameter uncertainty.

The loans included in each of the two different categories have similar characteristics. Therefore no separate categories are presented.

Receivables, other financial assets and cash and cash equivalents

The carrying value of receivables and other financial assets is regarded as a good approximation of the fair value, as these assets have a short-term nature.

Financial liabilities

Liabilities for investment contracts

The fair value of the provision for non-participating investment contracts is initially established through the use of prospective discounted cash flow techniques. For unit-linked contracts, the value of the liability equals the fair unit fund value, plus additional provisions for guaranteed returns, if required. The fair value of discretionary participating investment contracts is the same as that for life insurance contracts.

Financial instruments (subordinated loans, medium-term notes, commercial paper, convertible loans)

The fair value of financial instruments presented at level 1 is recorded at the relevant market listing. The fair value of financial instruments recorded at level 2 is estimated by discounting future cash flows using the discount rate applicable for similar financial instruments at the reporting date.

Securitised mortgage loan notes

If the securitised mortgage loan notes are actively traded on the market, the quoted prices are used. If this is not the case, fair value is calculated by discounting the expected cash flows at the market interest rates.

Amounts owed to credit institutions

The fair value of amounts owed to credit institutions is not materially different from the carrying value.

Other borrowings and other financial liabilities

The carrying value of other borrowings and other financial liabilities is regarded as a good approximation of the fair value.

The tables below provide additional information on financial instruments for which there are insufficient observable market inputs (level 3 of the fair value hierarchy).

Statement of changes in financial instruments/other investments within level 3 at 30 June 2016

In millions of euros	Investment property	Debt securities	Equity securities	Derivatives	Loans at fair value through profit or loss	Accrued interest and prepayments	Investments at policyholders' risk	Third party interests in consolidated investment funds	Total
At 1 January	98.3	34.3	395.7	147.9	26.5	0.1	79.6	38.0	820.4
Additions	0.0	19.6	17.0	-	4.8	-	7.1	10.8	59.3
Disposals	-5.0	-23.6	-68.3	-1.9	-	-	-3.3	-2.1	-104.2
Changes in fair value recognised through equity	-	1.5	12.4	-	-	-	-	-	13.8
Changes in fair value recognised through profit and loss	0.4	-2.4	-	-2.7	-	-	1.6	-	-3.0
Transfer into level 3	-	19.4	-	-	-	-	-	-	19.4
Transfer to held for sale	-	-	-	-115.3	-	-	-	-	-115.3
At 30 June	**93.8**	**48.7**	**356.8**	**28.0**	**31.3**	**0.1**	**85.0**	**46.6**	**690.3**

Statement of changes in financial instruments/other investments within level 3 at 31 December 2015

In millions of euros	Investment property	Debt securities	Equity securities	Derivatives	Loans at fair value through profit and loss	Accrued interest and prepayments	Investments at policyholders' risk	Third party interests in consolidated investment funds	Total
At 1 January	576.4	18.7	1,009.0	163.3	14.8	-	64.6	0.3	1,847.1
Additions	6.9	23.0	39.5	13.0	11.7	0.1	30.4	37.7	162.3
Disposals	-482.8	-4.1	-590.0	-4.5	-	-	-14.4	-	-1,095.8
Changes in fair value recognised through equity	-	0.1	-40.5	-	-	-	-	-	-40.4
Changes in fair value recognised through profit and loss	-2.2	-3.4	6.9	-23.9	-	-	-1.0	-	-23.6
Transfer to held for sale	-	-	-29.2	-	-	-	-	-	-29.2
At 31 December	**98.3**	**34.3**	**395.7**	**147.9**	**26.5**	**0.1**	**79.6**	**38.0**	**820.4**

Derivatives transferred to held for sale remain in level 3. Equity securities transferred to held for sale in 2015 remained in level 3 and are disposed in the first half of 2016.

There were no transfers from level 2 to level 1 (year-end 2015: nil) and no transfers from level 1 to level 2 (year-end 2015: € 0.5 million).

Transfers from level 2 to level 3 amounted to € 18.5 million (year-end 2015: nil) and transfers from level 1 to level 3 amounted to € 0.9 million (year-end 2015: nil). Both transfers are related to debt securities and due to a decreased frequency of prices.

The total accumulated unrealised gains and losses on level 3 investments recognised in the income statement, which amount to € -45.4 million (year-end 2015: € -41.0 million), comprise gains and losses on investment property, debt securities, equity securities and financial assets at policyholders' risk and derivatives. These gains and losses are presented in the line item 'investment income' in the consolidated income statement.

The total accumulated unrealised revaluation of the investments on level 3 at 30 June 2016, which amounts to € 80.9 million (year-end 2015: € 91.7 million), through other comprehensive income, results from debt securities and equity securities held as available for sale. These gains and losses are recognised in the 'revaluation reserve' in the consolidated statement of comprehensive income. The realised gains and losses are transferred to the income statement and presented as line item 'realised gains and losses on investments classified as available for sale'. The accumulated impairment of investments on level 3 held as available for sale at 30 June 2016 was € 119.8 million (year-end 2015: € 110.4 million). The impairment on the level 3 investments in 2016 is € 9.4 million (year-end 2015: € 7.7 million).

A small percentage of the total assets are measured at fair value based on estimates and recorded as level 3. Where estimates are used, these are based on a combination of evidence from independent third parties and models developed in-house, calibrated where possible against observable market input. Although such measurements can be sensitive to estimates, it is presumed that changing one or more assumptions to another reasonable alternative assumption will not significantly change the fair value.

Sensitivity analysis level 3

In millions of euros	Significant non-observable assumptions	Impact on result 30 June 2016	Impact on equity 30 June 2016	Impact on result 31 December 2015	Impact on equity 31 December 2015
Investment property	Property value + 10%	6.7	6.7	7.3	7.3
Investment property	Property value - 10%	-6.7	-6.7	-7.3	-7.3
Equity securities	Market spread + 10%	5.3	26.7	4.0	33.1
Equity securities	Market spread - 10%	-5.3	-26.7	-4.0	-33.1
Debt securities	Liquidity premium + 0.5%	0.1	0.2	0.3	0.3
Debt securities	Liquidity premium - 0.5%	-0.1	-0.2	-0.3	-0.3
Derivatives	Mortality +5%	-20.6	-20.6	-21.4	-21.4
Derivatives	Mortality -5%	17.3	17.3	19.4	19.4

Delta Lloyd adjusted the assumption pertaining to investment property values up or down by 10%, which is seen as a probable market change. The value of equity securities (private equity investments and private placements) is also calculated up or down by 10% because the underlying investments are highly diversified in terms of sector, type of investment and investment strategy. There is no one significant unobservable assumption or combination of assumptions that could be identified and used to perform a reasonably possible sensitivity analysis for this portfolio.

For derivatives, the sensitivity to changes in assumptions is relatively high. The table shows the impact of a 5% change in the mortality assumption on the longevity hedge.

2.8 Subsequent events

Delta Lloyd and Voogd & Voogd entered into a strategic alliance agreement on 8 July 2016. Voogd & Voogd will set up a new company to take care of the underwriting, administrative changes and claims handling of the personal general insurance products distributed for Delta Lloyd by independent financial advisors, authorised agents and brokers. Delta Lloyd will remain the risk carrier, while the new company to be set up will be the underwriting agent. This new entity will be active under the Delta Lloyd label and operate independently from Voogd & Voogd's other activities. It will start operating on 1 January 2017.

Since 27 July 2016 Delta Lloyd Levensverzekering invests, through a special purpose vehicle, in a portfolio of Dutch mortgages originated by Rabobank. The portfolio consists of individual residential mortgages with a total outstanding amount of € 500.0 million and an average loan-to-value ratio of 80%.

On 11 August 2016 Amstelhuys announced that it will repurchase mortgages from Arena 2011-II. As a result, Amstelhuys will facilitate the full redemption of all current outstanding notes (€ 530.4 million) on 19 September 2016.

Amsterdam, 16 August 2016

Executive Board

Hans van der Noordaa, Chairman
Clifford Abrahams
Ingrid de Graaf
Annemarie Mijer
Leon van Riet

Supervisory Board

Rob Ruijter, Chairman
Eric Fischer, Vice-chairman
André Bergen
Jan Haars
Fieke van der Lecq
John Lister
Paul Nijhof
Clara Streit

13.9 Independent review report of EY on the information for the first half of the financial year 2016

3 REVIEW REPORT

To: the shareholders and the supervisory board of Delta Lloyd N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial report of Delta Lloyd N.V., Amsterdam, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' funds, the consolidated cash flow statement for the six-month period ended 30 June 2016, and the notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial report in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial report based on our review.

Scope of review

We conducted our review in accordance with Dutch law including Standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial report for the six-month period ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Amsterdam, 16 August 2016

Ernst & Young Accountants LLP

signed by J. Niewold

13.10 Audited Financial Statements 2015

4 FINANCIAL STATEMENTS 2015

4.1 Consolidated financial statements

Delta Lloyd NV is a public limited liability company incorporated and headquartered in the Netherlands. Its registered address is Amstelplein 6, 1096 BC Amsterdam. With its subsidiaries (collectively ‘Delta Lloyd’) it provides life and pension insurance, long-term savings products, most classes of general insurance, banking and asset management. These activities are carried out through subsidiaries and associates in the Netherlands and Belgium.

The reporting segments within Delta Lloyd are structured based on the above activities. These segments are Life insurance, General insurance, Bank, Asset Management and Other. Further details are provided in section 4.1.7.3 ‘Segment information’.

These financial statements have been authorised for issue by the Executive Board, following the approval of the Supervisory Board on 23 February 2016. The General Meeting of Shareholders will be asked to adopt these financial statements at the Annual Meeting on 19 May 2016.

4.1.1 Consolidated statement of financial position

Consolidated statement of financial position

In millions of euros		31 December 2015	31 December 2014
Goodwill	9	269.2	290.4
AVIF and other intangible assets	10	90.9	104.2
Deferred acquisition costs	11	109.9	117.0
Property and equipment	12	55.1	102.2
Investment property	13	1,052.2	1,525.6
Associates and joint ventures	14	278.9	338.3
Deferred tax assets*	31	478.4	352.9
Debt securities	15	28,342.1	28,676.9
Equity securities	15	2,169.3	2,889.5
Derivatives	16	1,675.9	2,239.3
Loans at fair value through profit or loss	17	5,235.9	5,525.3
Loans and receivables at amortised cost	17	10,676.9	9,924.4
Investments at policyholders' risk	18	14,604.0	14,189.3
Third party interests in consolidated investment funds	19	3,371.2	3,964.6
Reinsurance assets	26	562.1	649.5
Receivables and other financial assets	20, 29	1,376.8	1,636.7
Current tax assets		47.8	43.7
Accrued interest and prepayments		539.0	561.1
Cash and cash equivalents		2,503.4	2,642.0
Assets held for sale	5	29.2	12,151.0
Total assets		**73,468.2**	**87,923.8**
Total capital and reserves		2,568.9	2,468.4
Non-controlling interests	24	253.8	277.9
Total shareholders' funds		2,822.6	2,746.2
Insurance liabilities	25, 28	45,789.9	45,662.4
Liabilities for investment contracts	27, 28	6,304.5	6,154.3
Pension obligations	29	2,501.6	2,616.1
Provisions for other liabilities	30	58.6	189.6
Deferred tax liabilities*	31	35.8	42.7
Current tax liabilities		63.8	45.3
Subordinated debt	32	1,352.4	1,332.8
Securitised mortgages loan notes	32	2,223.2	3,104.0
Other borrowings	32	740.5	886.1
Derivatives	16	991.9	1,174.4
Investments at policyholders' risk	18	21.7	16.1
Third party interests in consolidated investment funds	19	3,371.2	3,964.6
Customer savings and deposits	33	5,063.0	5,812.1
Other financial liabilities	33	122.8	259.8
Other liabilities	34	2,004.6	2,300.5
Liabilities relating to assets held for sale	5	-	11,616.8
Total liabilities		70,645.5	85,177.6
Total shareholders' funds and liabilities		**73,468.2**	**87,923.8**

* Delta Lloyd reviewed the presentation of its tax positions and decided to reclassify certain deferred tax positions to provide a better view of the net deferred tax positions per fiscal entity. Comparative figures have been adjusted (see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications').

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 4.1.7 'Notes to the consolidated financial statements'.

4.1.2 Consolidated income statement

Consolidated income statement

In millions of euros		2015	2014
Gross written premiums	6	4,038.3	3,963.3
Outward reinsurance premiums	6	-162.5	-335.9
Net written premiums		3,875.9	3,627.5
Change in unearned premiums provision	6	0.4	59.8
Net premiums earned	6	3,876.3	3,687.3
Investment income	6	1,753.8	9,816.4
Share of profit or loss after tax of associates	6	82.6	73.4
Net investment income	6	1,836.4	9,889.9
Fee and commission income	6	298.7	293.1
Other income	6	63.2	6.6
Total investment and other income	6	2,198.3	10,189.6
Total income	6	**6,074.6**	**13,876.9**
Net claims and benefits paid	7	3,878.0	3,945.1
Change in insurance liabilities	7	-213.8	6,974.5
Charge to financial liability on behalf of third party interest in consolidated investment funds	7	487.3	660.6
Expenses relating to the acquisition of insurance, investment and other contracts	7	621.4	618.8
Finance costs	7	362.5	493.7
Other operating expenses	7	788.8	716.0
Total expenses		**5,924.2**	**13,408.7**
Result before tax from continuing operations	3	**150.4**	**468.2**
Income tax	31	9.6	87.8
Result after tax from discontinued operations		-0.6	22.5
Net result		**140.2**	**402.8**
Attributable to:			
Delta Lloyd NV shareholders		128.1	361.1
Non-controlling interests		12.1	41.7

Earnings per share

In euros		2015	2014
Basic earnings per share from continuing operations	22	0.59	1.74
Basic earnings per share from discontinued operations	22	0.00	0.12
Basic earnings per share including discontinued operations		**0.58**	**1.85**
Diluted earnings per ordinary share from continuing operations	22	0.56	1.59
Diluted earnings per ordinary share from discontinued operations	22	0.00	0.11
Diluted earnings per ordinary share including discontinued operations		**0.56**	**1.70**

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 4.1.7 'Notes to the consolidated financial statements'.

4.1.3 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

In millions of euros	2015	2014
Net result	140.2	402.8
Actuarial gains and losses (pension obligations)	126.0	-580.4
Actuarial gains and losses of subsidiaries sold	2.1	-
Other reserve transferred to retained earnings	-2.1	-
Revaluation reserve of property sold	-5.2	-
Revaluation reserve transferred to retained earnings	5.2	-
Transfer of actuarial gains and losses relating to DPF contracts to provisions	-1.6	5.8
Income tax relating to items that will not be reclassified	-31.3	143.8
Total items that will not be reclassified to income statement	93.1	-430.9
Changes in value of financial instruments available for sale*	-402.8	335.8
Revaluation reserve of subsidiaries sold transferred to income statement	-50.6	-
Transfer of available for sale relating to DPF contracts to provisions	88.9	-144.2
Fair value adjustments associates**	-39.5	-82.4
Fair value adjustments due to micro hedge debt securities available for sale	11.2	-40.5
Income tax relating to items that may be reclassified	50.9	-80.0
Total items that may be reclassified subsequently to income statement	-342.0	-11.3
Total amount recognised directly in equity	-248.9	-442.2
Total comprehensive income	**-108.7**	**-39.4**
Attributable to:		
Delta Lloyd NV shareholders	-124.9	-88.7
Non-controlling interests	16.2	49.3

* Realised gains/losses on revaluations of financial instruments available for sale, impairment losses and reversal of impairment losses transferred to income statement are part of changes in value of financial instruments available for sale. For disclosure on impairment losses and reversal of impairment see section 4.1.7.3 'Segment information'.

** Including the effect of realised gains and losses reported in the income statement.

The notes and the accounting policies are an integral part of these financial statements.

4.1.4 Consolidated statement of changes in shareholders’ funds

Consolidated statement of changes in shareholders' fund

In millions of euros	Ordinary share capital	Share premium	Revaluation reserves	Other reserves	Equity compensation plan	Treasury shares	Retained earnings	Total capital and reserves *	Non-controlling interests	Shareholders' funds
At 1 January 2014	38.4	507.4	553.0	-191.9	5.3	-19.4	1,727.8	2,620.6	309.4	2,930.0
Total other comprehensive income	-	-	-19.0	-430.9	-	-	-	-449.9	7.6	-442.2
Result for the period**	-	-	-	-	-	-	361.1	361.1	41.7	402.8
Final dividend payment 2013	0.8	-0.8	-	-	-	-	-41.3	-41.3	-	-41.3
Interim dividend payment 2014	0.7	-0.7	-	-	-	-	-24.2	-24.2	-	-24.2
Non-controlling interests in dividend payment 2014	-	-	-	-	-	-	-	-	-80.9	-80.9
Change treasury shares	-	-	-	-	-	2.3	-	2.3	-	2.3
Conditional shares granted	-	-	-	-	1.1	-	-1.4	-0.3	-	-0.3
At 31 December 2014	**39.9**	**505.9**	**534.1**	**-622.8**	**6.4**	**-17.2**	**2,022.1**	**2,468.4**	**277.9**	**2,746.2**
At 1 January 2015	39.9	505.9	534.1	-622.8	6.4	-17.2	2,022.1	2,468.4	277.9	2,746.2
Total other comprehensive income	-	-	-351.3	95.2	-	-	3.1	-253.0	4.1	-248.9
Result for the period**	-	-	-	-	-	-	128.1	128.1	12.1	140.2
Final dividend payment 2014	0.9	-1.0	-	-	-	-	-62.7	-62.8	-	-62.8
Interim dividend payment 2015	0.9	-0.9	-	-	-	-	-50.2	-50.2	-	-50.2
Non-controlling interests in dividend payment 2015	-	-	-	-	-	-	-	-	-40.3	-40.3
Issue share capital	4.0	333.1	-	-	-	-	-	337.1	-	337.1
Change treasury shares	-	-	-	-	-	2.4	-	2.4	-	2.4
Conditional shares granted	-	-	-	-	-0.9	-	-0.1	-1.0	-	-1.0
Transfer between equity classes	-	-	-1.0	1.0	-	-	-	-	-	-
At 31 December 2015	**45.7**	**837.1**	**181.8**	**-526.6**	**5.5**	**-14.8**	**2,040.3**	**2,568.9**	**253.8**	**2,822.6**

*Attributable to Delta Lloyd NV shareholders.

** The distribution of the result will be determined by the General Meeting of Shareholders (see section 4.3.1).

Total other comprehensive income relates to the equity allocation of the items specified in section 4.1.3 ‘Consolidated statement of comprehensive income’.

Of the shareholders' funds € 2,213.6 million is available for distribution (2014: € 1,775.9 million). By law, Delta Lloyd may only pay a dividend if the share capital and reserves permit it (see section 4.3.1 'Dividends and appropriation of result').

The other reserves include the actuarial gains and losses for pensions.

Delta Lloyd issued 19,933,087 new ordinary shares on 16 March 2015, priced at € 17.00 each. This resulted in an increase in equity of € 337.1 million, after deducting costs net of tax (€ 1.8 million).

Payment in cash and delivery of ordinary shares in respect of the 2014 final dividend of € 0.61 per ordinary share took place on 17 June 2015. Around 52.8% of the shareholders elected to receive the dividend in ordinary shares. Consequently, 4,663,432 new ordinary shares were issued as stock dividend and charged to the share premium (€ -1.0 million). The remaining 47.2% of the shareholders received the dividend in cash (€ 62.7 million).

Payment in cash and delivery of ordinary shares in respect of the 2015 interim dividend of € 0.42 per ordinary share took place on 7 September 2015. Approximately 46.4% of shareholders elected to receive the dividend in ordinary shares. Consequently, 4,687,206 new ordinary shares were issued as stock dividend and charged to the share premium account (€ -0.9 million), after deducting costs net of tax (€ 0.0 million). The remaining 53.6% of the shareholders received the dividend in cash (€ 50.2 million). Section 4.3.1 'Dividends and appropriation of result' gives further details on the dividend distributions and policy.

Treasury shares were acquired as part of a share repurchase programme with the sole purpose of meeting obligations under the equity compensation plans for management. As of 2015, part of the base salary of the Executive Board members is paid in the form of shares. As at 31 December 2015, there were 1,047,373 shares (2014: 1,214,305 shares) held for this purpose and were bought for an average purchase price of € 14.13.

The equity compensation plan refers to the share-based and performance-related incentive plans as described in section 4.1.7.8 'Employee information'. The movement consists of a settlement of € 3.0 million and € 2.1 million in grants of new options. Options settled at a different rate than initially granted resulted in a movement of € -0.1 million in retained earnings.

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 4.1.7 'Notes to the consolidated financial statements'.

4.1.5 Consolidated cash flow statement

Consolidated cashflow statement

In millions of euros		2015	2014
Net result			
Net result		140.2	402.8
Of which is result from discontinued operations		-0.6	22.5
Adjustments for:			
Income tax expense		20.0	81.8
Depreciation, amortisation, impairments and revaluation of items not at fair value		415.5	313.6
Unrealised gains and losses		2,241.5	-6,580.1
Change in provisions for insurance and investment contracts net of reinsurance	25, 26, 27	269.7	7,379.4
Change in liability for third party interests in consolidated investments funds		-688.1	-649.9
Share of profit or loss and other non-cash items from associates and joint ventures	14	-82.2	-198.5
Cash generating profit for the year		2,316.6	749.2
Net (increase) / decrease in investment property	13	530.5	23.6
Net (increase) / decrease in other financial liabilities	33	-703.7	-103.0
Net (increase) / decrease intangible assets	10	-3.0	-28.5
Income taxes (paid) / received		-88.1	-15.0
Net (increase) / decrease in other operating assets and liabilities		-233.6	996.0
Net cash flow from operating activities, including discontinued operations		1,818.7	1,622.4
Of which is cash flow from operating activities of discontinued operations		-51.8	78.9
Cash flow from investing activities			
Net (increase) / decrease in debt securities	15	-1,919.0	-1,265.3
Net (increase) / decrease in equity securities	15	435.0	328.8
Net (increase) / decrease in derivatives	16	-66.9	283.0
Net (increase) / decrease in investments at policyholders' risk	18	-700.1	-847.4
Net (increase) / decrease in third party interest in investment funds	19	543.3	873.6
Net (increase) / decrease in loans and other financial assets	17	299.3	367.0
Purchases of property and equipment	12	-12.7	-14.6
Proceeds from sale of property and equipment	12	0.1	-
Dividends received from associates	14	26.6	-
Acquisition of and capital injection associates	14	-	-8.9
Disposal of and capital withdrawal associates	14	75.9	166.0
Proceeds from sale of subsidiaries	4	-173.2	-
Net cash flow from investing activities, including discontinued operations		-1,491.6	-117.7
Of which is cash flow from investing activities of discontinued operations		80.3	-110.2

Consolidated cashflow statement

In millions of euros		2015	2014
Cash flow from financing activities			
Proceeds from borrowings	32	534.3	2,918.5
Repayment of borrowings	32	-1,545.3	-2,949.1
Issue of share capital		336.9	-
Dividends paid to shareholders	4.1.4	-113.0	-65.4
Dividends paid to non-controlling interests	4.1.4	-40.3	-80.9
Net cash flow from financing activities, including discontinued operations		-827.4	-177.0
Of which is cash flow from financing activities of discontinued operations		-	-
Net (decrease) / increase in cash and cash equivalent, including discontinued operations		**-500.3**	**1,327.6**
Of which is net (increase / decrease) in cash and cash equivalent of discontinued operations		28.5	-31.3
Statement of changes in cash and cash equivalents			
Cash and cash equivalents at beginning of year		3,135.5	1,807.8
Net (decrease) / increase in cash and cash equivalents		-500.3	1,327.7
Total cash and cash equivalents at 31 December		**2,635.3**	**3,135.5**
Consolidated statement of financial position, own risk		2,503.4	2,642.0
Assets held for sale, own risk		-	337.8
Risk reward policyholder and third party investment funds	18, 19	131.9	155.8
Total cash and cash equivalents at 31 December		**2,635.3**	**3,135.5**
Further details on cash flow from operating activities			
Interest paid		351.9	484.0
Interest received		1,731.1	1,862.1
Dividends received	6, 14	277.1	250.4

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 4.1.7 'Notes to the consolidated financial statements'.

The prior period figures in the cash flow statement include the discontinued operations of Delta Lloyd Deutschland. The information presented therefore differs from the consolidated income statement where discontinued operations are presented separately.

To present the financial effect of the discontinued operations, the cash flows from discontinued operations are disclosed separately.

Included in the cash position is an amount of € 1,822.3 million received as cash collateral (2014: € 2,210.4 million). The related obligation is presented in the financial liabilities.

4.1.6 Accounting policies

The notes to the consolidated financial statements and the remuneration report are an integral part of these financial statements.

This section describes Delta Lloyd's significant general accounting policies, changes in accounting policies and the use of assumptions and estimates relating to the consolidated financial statements and notes as a whole. If an accounting policy relates specifically to a note (balance or transaction) it is presented within the relevant note. Unless otherwise stated, these policies are consistently applied throughout Delta Lloyd, in all the years presented.

4.1.6.1 Basis of presentation

Delta Lloyd prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. Delta Lloyd uses the EU carve-out on hedge accounting for its banking activities in Belgium since 1 July 2012, and the Netherlands since 1 May 2015.

Unless stated otherwise, assets and liabilities are measured at historical cost. Where necessary, assets are shown net of impairment. Income and expenses are allocated in accordance with the matching principle. Expenses are accounted for in the expense category to which they relate. Expenses related to the acquisition of new business are classified as acquisition costs for insurance and investment contracts. Financial assets and liabilities that are of a current nature (i.e. recoverable/payable within one year) are also accounted for at cost, because the difference between cost and fair value is insignificant. Derivative financial instruments, which are measured at fair value irrespective of their duration, are an exception.

All accounting policies and methods of computation applied for the consolidated financial statements of Delta Lloyd (except for the EU carve-out on hedge accounting for the Dutch banking business) are the same as those applied in 2014 because the standards and amendments that became mandatory as of 1 January 2015 were already early adopted in 2014.

The European Union endorsed the following standards and amendments to standards in 2015, which will be mandatory and applied by Delta Lloyd at 1 January 2016:

- Amendments to IAS 1 'Disclosure initiative' are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. These amendments are clarifications on materiality, order of the notes, subtotals, accounting policies and disaggregation of line items. These amendments had no effect on result and shareholders' funds of Delta Lloyd. The disclosures in financial statements will not be impacted because in the annual report 2014 presentation changes had already been implemented which are inline with the amendments to IAS 1;
- Annual Improvements to IFRSs 2012-2014 Cycle: The improvements relate to IFRS 5 'Non current Assets Held for Sale and Discontinued Operations', IFRS 7 'Financial Instruments Disclosure', IAS 19 'Employee Benefits' and IAS 34 'Interim Financial Reporting. These changes will have no effect on result and shareholders' funds of Delta Lloyd because they are not applicable at this time or were already interpreted correctly ;
- Amendments to IAS 27 'Equity Method in Separate Financial Statements' reintroduce the use of the equity method of accounting for investments in subsidiaries, joint ventures and associates for separate financial statements. These amendments will not impact Delta Lloyd's results or shareholders' funds.
- Amendments to IAS 16 and 4 'Bearer Plants' is not applicable for Delta Lloyd;

- Amendments to IAS 16 and 38 ‘Clarification of Acceptable Methods of Depreciation and Amortisation’ allow for taking into account the consumption of the expected future economic benefits embodied in the assets for depreciation and amortisation. This amendment will not effect result or shareholders’ funds of Delta Lloyd because depreciation and amortisation will remain on a straight line basis;
- Amendments to IFRS 11 ‘Accounting for Acquisitions of Interests in Joint Operations’ currently have no impact because Delta Lloyd does not have any joint operations.

The implementation of the European Union Directive 2013/34/EU in Dutch law at the end of 2015 will impact the annual report 2016 of Delta Lloyd as follows:

- The legal name of the annual report will change to executive report;
- Several disclosures from reports to the regulator (DNB) need to be included in the executive report;
- Appropriation of result needs to be included in the notes to the financial statement instead of ‘Other information’; and
- The income statement in the separate financial statements will no longer be abridged.

The IASB published new standards, amendments and improvements that had not yet been endorsed by the European Union on 31 December 2015. Once they are endorsed, Delta Lloyd will adopt these new standards, amendments and improvements when they become mandatory in the EU:

- IFRS 14 Regulatory Deferral Accounts (IASB effective date 1 January 2016);
- IFRS 15 Revenue from Contracts with Customers (IASB effective date 1 January 2018);
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities (IASB effective date 1 January 2016);
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its associate or Joint Venture (IASB effective date 1 January 2016).

Expected significant upcoming changes for Delta Lloyd after 2015 are explained below.

IFRS 9 Financial Instruments (IASB effective date 1 January 2018)

IFRS 9 replaces the existing standard (IAS 39) for the classification and measurement of financial assets, impairments of financial assets measured at amortised cost or at fair value through other comprehensive income, and micro hedge accounting. How financial assets are measured depends on the business model and contractual characteristics of the financial assets for debt instruments including loans and receivables. Impairment rules are based on an expected loss model instead of the current incurred loss model. After the European Union endorses this standard, it may have a material effect on Delta Lloyd’s result and shareholders’ funds, depending on choices made regarding classification (if allowed) and market conditions at the time of transition. Delta Lloyd has started an IFRS 9 project group which made a high level impact assessment regarding different classification and measurement options. Also a preliminary assessment was made regarding the issues surrounding the new impairment rules.

Other

Items in the financial statements of each of the Delta Lloyd entities are measured in the currency of the primary economic environment in which that entity operates (‘the functional currency’). The consolidated financial statements are stated in euros, which is Delta Lloyd's key functional currency and also the presentation currency. Unless stated otherwise, the amounts shown in these financial statements are in millions of euros. Calculations in the tables are made based on unrounded figures; as a result, rounding differences can occur.

IAS 1 ‘Presentation of Financial Statements’ requires a distinction between current and non-current assets and liabilities in the consolidated statement of financial position, unless a liquidity-based presentation provides better insight. For an insurance group, close control over liquidity, asset and liability matching, and highly regulated capital and solvency positions are considered to be more relevant. The distinction between current and non-current is therefore not made for insurance-related items. Further details of their risk management are provided in section 4.1.7.1 ‘Risk management’.

As the income statement of Delta Lloyd NV for 2015 is incorporated in the consolidated financial statements, an abridged company income statement is presented in the separate financial statements, in accordance with section 2:402 of the Dutch Civil Code.

The consolidated cash flow statement is prepared according to the indirect method. It distinguishes between cash flows from operating, investing and financing activities. Cash and cash equivalents consist of cash at banks and cash in hand, deposits held at call with banks, treasury bills, other short-term highly liquid investments with less than 90 days maturity from the date of acquisition and bank overdrafts.

4.1.6.2 Financial impact of changes in accounting policies and reclassifications

During the third quarter of 2015 Delta Lloyd reviewed the presentation of its tax positions and decided, in line with IAS 12, to reclassify certain deferred tax positions to provide a better view of the net deferred tax position per fiscal entity. There is no impact on shareholder’s equity and profit or loss. The reclassification as at 31 December 2014 relating to certain deferred tax positions took place in the line item deferred tax assets, which decreased with an amount of € 2,055.1 million and in line item deferred tax liabilities, which also decreased with and amount of € 2,055.1 million.

4.1.6.3 Use of assumptions and estimates

Preparing financial statements requires Delta Lloyd to make estimates and assumptions that affect items reported in the consolidated statement of financial position and income statement and the disclosure of contingent assets and liabilities at the date of the financial statements. In particular, this concerns estimates and assumptions used to establish insurance contract provisions (including longevity risk), determine the fair value of assets and liabilities (see section 4.1.7.37 ‘Fair value of assets and liabilities’), establish impairment (e.g. regarding goodwill, debt securities and equity securities and loans and receivables), employee benefits and deferred acquisition costs. These estimates and assumptions are based on management’s best knowledge of current facts, circumstances and, to some extent, future events and actions. Important assumptions are set out in the relevant note. Actual results may ultimately differ, possibly significantly, from these estimates.

Change in estimates

Delta Lloyd measures the fair value of mortgages primarily through the use of a bottom-up discounting spread. This bottom-up spread is compared with a top-down benchmark and adjusted when the bottom-up spread is outside the benchmark. During 2015 changes were made in the assumptions of the methodology. The refinements led to a decrease in the mortgages valued at fair value with an impact of € 54.2 million loss on the net result. The impact on the disclosed fair value of mortgages valued at amortised cost amounts to a net decrease of € 135.8 million.

4.1.6.4 Consolidation principles

Delta Lloyd has control of a structured or other entity if it (a) has power over the entity; (b) is exposed, or has rights, to variable returns due to its involvement in the relevant activities of the entity; and (c) has the ability to use its power to affect the level of return, reflecting a link between power and returns. The assessment of control is based on the substance of the relationship between Delta Lloyd and the entity and, among other things, considers existing and potential voting rights that are substantive. For a right to be substantive, the holder must have the practical ability to exercise that right.

Determining whether Delta Lloyd has control of an entity is generally straightforward, based on ownership of the majority of the voting capital. However, in certain instances this determination will involve judgment, particularly in the case of investment vehicles like investment funds and structured entities (see below).

Subsidiaries are consolidated from the date when effective control is transferred to Delta Lloyd and are excluded from consolidation from the date when effective control is lost.

Delta Lloyd uses the purchase method when a subsidiary is acquired. The acquisition price is the sum of the fair value of assets given, equity instruments issued and any acquisition-related liabilities. Separately identifiable assets, liabilities and contingent liabilities acquired, as well as net assets, are measured at fair value on the acquisition date. The difference between the acquisition price of a subsidiary and the share in net assets that is attributable to Delta Lloyd’s equity interest is recognised as goodwill in the financial statements. If the acquisition price is lower than the fair value of the equity interest, the surplus is recognised in the income statement.

Investment funds

Investment funds are consolidated in the financial statements when Delta Lloyd has control. This is the case when Delta Lloyd has power over the investment fund, sufficient variable return, and when Delta Lloyd can use that power to affect these returns. The assessment of control is based on the substance of the relationship between Delta Lloyd and the investment fund and primarily considers voting rights (existing and substantive potential voting rights), but also, among other things, decision-making authority, removal rights and sufficiency of variability of return. In assessing control, all interests Delta Lloyd holds in the investment fund are considered, regardless of whether the financial risk related to the investment is borne by Delta Lloyd or by the policyholders (unless the investment fund meets the criteria of a silo).

Based on this assessment, Delta Lloyd concluded that it controls almost all investment funds it manages and in which it holds an interest and thus consolidates these investment funds in the financial statements.

On consolidation of an investment fund Delta Lloyd recognises the assets of third parties as a separate line item on the face of the balance sheet and the non-controlling interest as a financial liability (Delta Lloyd is obliged to acquire non-controlling interests in such funds in the event that these are offered). These assets and liabilities are accounted for at fair value through profit or loss.

Equity instruments issued by Delta Lloyd NV that are held by investment funds are eliminated on consolidation in equity and not in the measurement of the related financial liabilities towards policyholders or other third parties.

Structured entities

A structured entity is an entity that has been designed so that voting rights are not the dominant factor in deciding who controls the entity, for example when any voting rights relate to administration tasks only and the relevant activities are directed by means of contractual agreements. Delta Lloyd assesses all facts and circumstances and analyses the purpose and design of the entity, including determining which party has power over the relevant activities that most affect its returns and whether there are any additional rights held that may confer such power.

Delta Lloyd has been involved in the design of certain mortgage-backed securitisations in which part of the mortgage portfolio of Delta Lloyd is pooled and transferred to special purpose entities. Delta Lloyd does not directly or indirectly hold shares in these entities. Amstelhuys and Delta Lloyd Bank Belgium entered into interest rate swaps with third parties to hedge the interest payment flows for the special purpose entities. Delta Lloyd Bank Nederland entered into interest rate caps. Delta Lloyd also fully services the securitised mortgages. Delta Lloyd can therefore influence the returns (e.g. defaults of the mortgage portfolio). Part of the credit risk is transferred to the note holders, but the expected credit losses will be fully absorbed by the reserve built up in the special purpose entities of which the residual amount accrues to Delta Lloyd. Consequently, Delta Lloyd remains exposed to the majority of the residual risks.

Delta Lloyd concluded, based on the assessment, that it has control over these special purpose entities and needs to consolidate them in the financial statements.

As part of its investment activities Delta Lloyd also invests in structured entities established by other parties, but none of these investments meet the requirement for Delta Lloyd to have control. See section 4.1.7.15 'Debt and equity securities' for details regarding these securities in unconsolidated structured entities.

4.1.6.5 Foreign currency translation

Foreign currency transactions are initially accounted for at the exchange rate of the functional currency prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Translation differences on debt securities and other monetary financial assets measured at fair value through profit or loss are included in foreign exchange gains and losses in the income statement. Exchange differences resulting from changes in the amortised cost of monetary available-for-sale financial assets are also accounted for in the income statement. Other changes in fair value are included in the investment revaluation reserve within equity.

Translation differences on non-monetary items held at fair value through profit or loss are accounted for as part of fair value changes through profit or loss. Translation differences on non-monetary items whose movements are accounted for through equity are accounted for in the revaluation reserve. Translation takes place at the exchange rates prevailing when fair value is determined.

4.1.6.6 Product classification

Financial assets and liabilities

Delta Lloyd classifies its investments as financial assets at fair value through profit or loss (FVTPL), available-for-sale financial assets (AFS), or loans and receivables. The classification depends on the purpose for which the investment was acquired and is determined when initially recognised. In general, the FVTPL category is used where this eliminates an accounting mismatch.

The category FVTPL has two sub categories - those that meet the definition as being ‘held for trading’ (HFT) and those Delta Lloyd chooses to designate as FVTPL (referred to as ‘other than trading’ or OTT). Derivatives are classified in the HFT category.

Investments classified as HFT, OTT and AFS are measured at fair value. Changes in the fair value of investments HFT and OTT are accounted for in the income statement in the period in which the value change occurs. Changes in the fair value of investments classified as AFS, other than impairment losses and relevant foreign exchange gains and losses, are recorded in the revaluation reserve within equity.

Certain securitised mortgages and related liabilities are managed on the basis of fair value. Delta Lloyd also evaluates their performance on the basis of fair value, in line with its risk strategy. These securitised mortgages and related liabilities are recognised as 'financial assets or liabilities at fair value through profit or loss'.

All other loans and receivables and other liabilities are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost.

Insurance and investment contracts

Insurance contracts are defined as those transferring significant insurance risk but only if, at the inception of the contract, an insured event could cause an insurer to pay substantial additional benefits in any scenario, excluding scenarios that lack commercial substance. Insurance risk is considered significant if the payment on the occurrence of an insured event differs by at least 10% from the payment if the event does not occur. These contracts are considered to be insurance contracts throughout the remaining term to maturity, irrespective of when the insured event occurs. Any contract not included in the scope of IFRS 4 is classified as an investment contract and treated as a financial instrument. Investment contracts can be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Some insurance and investment contracts contain a participating feature, of which the value and timing depend on decisions taken by management. A participating feature is a discretionary right to receive additional benefits that make up a significant portion of the total contractual benefits. These contracts are referred to as discretionary participating feature (DPF) contracts. The additional benefits referred to are contractually based on the performance of a specified portfolio of contracts or a specified type of contract, realised and/or unrealised investment returns on a specified investment portfolio held by Delta Lloyd or the profit or loss of Delta Lloyd, the fund or the subsidiary entering into the contract. Delta Lloyd offers only one DPF product in the Netherlands. In Belgium, all profit-sharing products have discretionary participating features. The discretionary participating features are defined in the policy setting out the DPF products, conditions and calculations. The actuarial department and the management board determine the policy, which is approved by the shareholders' meeting and must be authorised by the Belgian insurance regulator. These Belgian DPF contracts can be either insurance contracts or investment contracts. In Germany (included in the figures until the finalisation of the sale on 1 October 2015), all traditional insurance contracts and single-premium investment contracts have discretionary participating features. Profit sharing in Germany is based on realised interest income and the underwriting result and is added to a provision for future distribution to policyholders. The timing of the release of this provision is at the discretion of the board of Delta Lloyd Deutschland.

Finally, Delta Lloyd has also non-DPF contracts based on an external benchmark (T or U yield). Movements in (non)-DPF contracts are recognised through profit or loss.

4.1.7 Notes to the consolidated financial statements

4.1.7.1 Risk management

In the risk management section Delta Lloyd describes and analyses its main risks, and the approach to managing these. It also provides a sensitivity analysis, based on the main economic and non-economic assumptions that may lead to volatility in results and in shareholders' funds. Please note that the risks associated with Delta Lloyd Deutschland and Delta Lloyd Bank Belgium are not included in the 2015 figures of this paragraph as both entities were sold during the last year. The comparative figures for 2014 have not been adjusted and therefore include the risks associated with Delta Lloyd Deutschland and Delta Lloyd Bank Belgium.

Risk management philosophy

Delta Lloyd's policies are designed to protect Delta Lloyd against events that may jeopardise its ability to achieve sustainable results, the required minimum solvency or its strategic objectives. Delta Lloyd's mission is to manage uncertainty. Risk management is fully embedded in Delta Lloyd's daily operations, to identify, analyse, measure, manage, control and audit risks that may arise in the course of its business operations, in a timely manner. This helps to maintain credit ratings, meet obligations to customers and other creditors, and comply with legislative and regulatory requirements and best practises. Delta Lloyd's approach to risk is based on risk governance, risk processes and systems, risk culture, risk taxonomy and capital model. For further information about these elements of Delta Lloyd's approach to risk, see section 2.4 'Risk management and top five risks'.

Solvency II

Solvency II is the new regulatory framework for insurance companies operating in the European Union. It became effective on 1 January 2016. Solvency I ratios are therefore no longer applicable.

Under Solvency II, capital requirements depend directly on consistently-measured risk. It is based on economic principles for measuring assets and liabilities. Although insurance companies have had to make far-reaching and comprehensive preparations for Solvency II, Delta Lloyd supports the principles underlying the new framework. Delta Lloyd applies risk-based elements in asset allocation, asset liability management (ALM), risk management, capital allocation, product pricing and commercial strategy.

In early 2014, European legislators set the implementation date as 1 January 2016. Delta Lloyd established a Solvency II programme to coordinate all activities requiring attention under Solvency II and the preparatory measures for EIOPA (European Insurance and Occupational Pensions Authority). The project is currently focused on the reporting requirements for Pillar 3. In 2015, all Dutch insurance companies were required to submit Solvency II reports (Quantitative Reporting templates) to DNB, at reporting dates 31 December 2014, 30 June 2015 and 30 September 2015. The 31 December 2014 reports of the solo entities were submitted in June 2015, and Delta Lloyd's report was submitted in July 2015. The second and third quarter 2015 reports have been submitted as well. The report of 31 December 2015 will be submitted in 2016.

In the first half of 2015, Delta Lloyd observed volatility in its solvency ratio, which was caused predominantly by model adjustments, due to remaining uncertainties in the partial internal model. After a thorough analysis ordered by the Executive Board and discussions with DNB, Delta Lloyd determined that it was necessary to recalibrate certain assumptions, such as assumptions relating to operational risk and mortgage valuation, and change from a full to a partial internal model. The Executive Board conducted a full review of the partial internal model in the third quarter of 2015. The Executive Board conducted a full review of the partial internal model in the third quarter of 2015. After thoroughly reviewing it, it was decided that it was necessary to withdraw the application. As Delta Lloyd believes that a partial internal model better reflects the risks than the Standard Formula, it will continue to update and test the partial internal model. After satisfactory test results and in consultation with the College of Supervisors (consisting of the DNB and NBB), Delta Lloyd plans to implement the partial internal model in 2018 and report accordingly. While Delta Lloyd is working to improve the internal model, Delta Lloyd has to report the regulatory capital numbers based on the more prescriptive Solvency II Standard Formula (SF). As a result of using SF, Delta Lloyd is likely to have higher capital requirements than it would if it used an internal model. Delta Lloyd is of the opinion that it is compliant with the capital requirements under Solvency II as at 1 January 2016, subject to certain uncertainties around the implementation of the Solvency II requirements.

The major risks Delta Lloyd is exposed to, their impact and the way they are managed are explained in the following sections. The risk management framework is described in section 2.4.7 'Risk management and top five risks'.

Financial risks

Credit risk

Credit risk consists of default risk, credit spread risk and concentration risk. Default risk is the risk that counterparties are unable or unwilling to meet all or part of their payment obligations. Credit spread risk is the risk that the perceived risk of default increases, reducing the value of the asset (bond, mortgage or otherwise). Concentration risk arises from the concentration of default risk at large counterparties and from inadequate sector or country diversification.

Defaults may occur in the bond, mortgage and consumer and commercial loan portfolios or at counterparties including reinsurers, insurance intermediaries, policyholders, banks, derivative counterparties and other debtors. Delta Lloyd maintained a risk tolerance for credit default risk in the fixed income portfolio (excluding mortgages), at an average credit quality equivalent to an external single A rating. In addition, restrictions were in place to limit concentrations to individual counterparties and countries, based on the EC model as well as based on external ratings.

The credit exposure that Delta Lloyd faces is shown in the table below. The risk reduction effect of credit default swaps is limited and hence not included. The collateral has been capped at the carrying value of the asset. The table below should be read in accordance with the paragraphs and tables in the remainder of this section, which provide details about the risk characteristics of the outstanding risk exposures shown in the table below.

Credit Risk-Own Risk

On 31 December 2015, Delta Lloyds debt securities amounted to € 28.3 billion, of which 46% was invested in sovereign bonds, 34% in corporate and collateralised bonds, and 20% in sub-sovereign bonds). The residential mortgage portfolio of € 13.3 billion (2014: € 16.7 billion) is included under loans and includes securitised residential mortgages. More information about the residential mortgage portfolio of Delta Lloyd, and the changes made to the valuation methodology, can be found in section 4.1.7.37 ‘Fair value of assets and liabilities’.

Credit risk own risk

In millions of euros	Gross credit risk 2015	Collateral 2015	Net credit risk 2015	Gross credit risk 2014	Collateral 2014	Net credit risk 2014
Debt securities	28,342.1	-	28,342.1	31,430.4	-	31,430.4
Loans and receivables at amortised cost	10,676.9	7,247.0	3,429.9	17,082.8	11,157.7	5,925.1
Loans at fair value through profit or loss (FVTPL)	5,235.9	4,577.8	658.1	5,525.3	4,667.7	857.6
Reinsurance assets	562.1	411.7	150.3	652.9	343.3	309.6
Receivables and other financial assets	1,376.8	-	1,376.8	1,998.1	-	1,998.1
Derivatives	1,675.9	1,211.5	464.5	2,244.7	1,974.2	270.5
Deferred tax assets *	478.4	-	478.4	433.6	-	433.6
Current tax assets	47.8	-	47.8	48.9	-	48.9
Accrued interest and prepayments	539.0	-	539.0	669.6	-	669.6
Cash and cash equivalents	2,503.4	-	2,503.4	2,979.8	-	2,979.8
Maximum credit risk recognised on the balance sheet	51,438.2	13,447.9	37,990.3	63,066.1	18,143.1	44,923.0
Gross maximum credit risk not recognised on the balance sheet	419.2	-	419.2	604.8	-	604.8
Gross maximum credit risk own risk	**51,857.4**	**13,447.9**	**38,409.4**	**63,670.9**	**18,143.1**	**45,527.9**

* 2014 Restated, see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications'.

For information regarding the Loan to Market Value (LTMV) of the mortgages see section 4.1.7.17 ‘Loans and receivables’.

The decrease in the amount for debt securities is primarily due to the sale of Delta Lloyd Deutschland and Delta Lloyd Bank Belgium, which were finalised in 2015. This explanation also holds for the decrease in loans and receivables. The deferred tax assets have increased as a result of a revaluation of technical provisions and derivatives for tax purposes. Lower interest rates and credit spread decline caused higher derivative positions as well as higher cash and cash equivalents, the latter reflecting the collateral repayment obligations of counterparties.

For the above-mentioned exposures, Delta Lloyd has the following collateral:

- Loans and receivables at amortised cost: property, cash collateral, salary waiver, pledges, term accounts and deposits;
- Loans at fair value through profit or loss: property;
- Reinsurance assets: cash collateral;
- Derivatives: cash collateral.

Delta Lloyd charges its collateral on a daily basis to ensure the fungibility of the underlying assets. Delta Lloyd maintains a diversified fixed-income investment portfolio, structured to match its insurance liabilities. Its credit risk is primarily related to government bonds, corporate bonds, residential mortgages and reinsurance assets. Delta Lloyd's fixed income portfolio managers and specialist staff are primarily responsible for managing default risk. Default rates of Delta Lloyd's residential mortgage loans are monitored and reported monthly. A significant part of the mortgage portfolio is securitised and some of the default risk relating to the securitised mortgages is passed on to third parties (the buyers of the mortgage-backed securities). All assets exposed to credit defaults are monitored at group level. The exposure of the asset portfolio to default and concentration risk is analysed in depth each quarter.

Exposure to sovereign and sub-sovereign debt of southern European countries and Ireland on 31 December 2015 amounted to € 2,456.9 million (2014: € 1,760.5 million). Investments in these countries increased in 2015. In general, southern European economies further stabilized in 2015, which was evidenced by the ending of support programmes and favourable lending conditions in the market. Economic recovery was supported by an unprecedented set of measures that were presented by the ECB to weaken the exchange rate of the euro, increase inflation and support lending to the private sector. In general the risk/return profile for investing in southern European countries has further improved, although the situation per country differs and sustainable recovery still has a long way to go. This is illustrated by the continuing turmoil surrounding Greece. Therefore, Delta Lloyd continues to strictly monitor exposure to southern European countries and Ireland.

The tables below show Delta Lloyd's total exposure to risks in relation to southern European countries and Ireland, including lending to the financial sector and other private businesses. Lending to private businesses in these countries is, by their nature and activities, not necessarily exposed to the same credit risk as in countries where their headquarters are located. The tables are based on Delta Lloyd's 'country of risk' methodology and the figures include accrued interest. The risk-reduction effect of credit default swaps is not shown. On 31 December 2015, Delta Lloyd had hedged a nominal value of € 387.8 million (2014: € 414.2 million) of default risk relating to all fixed-income investments in these countries using credit default swaps. A nominal value of € 25.0 million (2014: € 50.0 million) is hedged against a default of Italy and € 362.8 million (2014: € 364.2 million) against a default of Spain. The 'Other bonds' column includes collateralised bonds. All amounts are gross, i.e. before adjustment for any collateral received.

Position in sovereign, sub-sovereign and other bonds and receivables at year-end

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total 2015
Portugal	68.3	51.3	-	63.1	-	182.8
Italy	690.0	88.8	67.8	161.4	0.0	1,008.0
Ireland	408.3	85.1	89.3	96.9	-	679.6
Greece	-	28.2	-	-	-	28.2
Spain	1,290.3	250.9	125.9	267.6	-	1,934.7
Total	**2,456.9**	**504.3**	**283.0**	**589.0**	**0.0**	**3,833.3**

Position in sovereign, sub-sovereign and other bonds and receivables at prior year-end

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total 2014
Portugal	97.2	44.9	0.3	72.4	-	214.8
Italy	650.9	175.4	42.8	306.1	-	1,175.2
Ireland	448.4	55.5	116.0	122.7	-	742.6
Greece	-	5.4	0.3	-	-	5.7
Spain	564.0	230.0	177.7	506.6	263.5	1,741.7
Total	**1,760.5**	**511.2**	**337.1**	**1,007.8**	**263.5**	**3,880.0**

In 2014, the Russian economy deteriorated significantly because of lower oil prices and international sanctions as a result of the conflict in Ukraine. Delta Lloyd's total debt exposure in the Russian Federation on 31 December 2015 amounted to € 2.7 million (2014: € 26.8 million).

Cash position (treasury) limits are in place to maximise exposure to counterparties, and are based on credit ratings. Delta Lloyd monitors this at regular intervals. Counterparty default risk related to derivative contracts is mitigated by collateral and by maintaining a diversified portfolio.

The concentration risk in relation to reinsurance contracts is monitored through Delta Lloyd Security List, which contains the maximum exposure per reinsurance counterparty.

The tables below show Delta Lloyd's own credit risk based on external ratings. The external ratings are based on S&P, but if these ratings are not available then Moody's or Fitch is used. Most of the loans and receivables without external ratings concern residential mortgages. The portfolio exposed to credit risk decreased by approximately € 9,874.6 million during 2015 due to the sale of Delta Lloyd Deutschland and Delta Lloyd Bank Belgium (2014: increase € 4,994.2 million). The average credit rating of the portfolio is slightly lower. Investments in BBB rated securities increased in 2015 due to the ongoing search for yield and to improve the matching with the Volatility Adjustment (VA) reference portfolio.

Gross credit risk own risk at year-end

In millions of euros	AAA	AA	A	BBB	BB	B	Speculative rating	Without external rating	Total 2015
Debt securities	7,379.0	8,653.0	3,520.4	6,125.7	475.7	39.4	0.0	2,148.8	28,342.1
Loans and receivables	31.9	42.2	21.7	6.7	-	-	-	15,810.2	15,912.7
Reinsurance assets	3.7	355.4	137.2	1.2	-	-	-	64.6	562.0
Total	**7,414.7**	**9,050.6**	**3,679.3**	**6,133.5**	**475.7**	**39.4**	**0.0**	**18,023.6**	**44,816.8**

Gross credit risk own risk at prior year-end

In millions of euros	AAA	AA	A	BBB	BB	B	Speculative rating	Without external rating	Total 2014
Debt securities	8,368.3	10,147.0	4,524.5	4,525.0	901.3	24.7	0.0	2,939.5	31,430.4
Loans and receivables	594.5	868.4	323.2	231.6	85.0	-	-	20,505.4	22,608.2
Reinsurance assets	5.7	372.0	208.9	3.6	-	-	-	62.8	652.9
Total	**8,968.5**	**11,387.4**	**5,056.6**	**4,760.2**	**986.3**	**24.7**	**0.0**	**23,507.7**	**54,691.4**

Delta Lloyd suffered limited losses on its portfolio of Dutch residential mortgage loans: € 9.2 million during 2015 (2014: € 7.8 million). The amounts in default remain limited compared to the size of the portfolio. This supports Delta Lloyd's view that this portfolio is of a high credit quality.

It is in the customer's interest and stems from Delta Lloyd's duty of care to costumers in all phases of the mortgage product cycle. For further information regarding forbearance see section 4.1.7.17 'Loans and receivables'.

The tables below provide details on the carrying amount of financial assets that have been impaired and the ageing of financial assets that are past due but have not been impaired. The tables relate to own risk financial assets.

Financial assets after impairments at year-end

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total 2015
Debt securities	28,328.1	0.3	13.7	28,342.1
Loans and receivables	15,692.1	143.6	77.1	15,912.7
Receivables and other financial assets	1,298.7	71.2	6.9	1,376.8

Financial assets after impairments at prior year-end

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total 2014
Debt securities	31,419.5	0.3	10.6	31,430.4
Loans and receivables	22,047.6	468.0	92.6	22,608.2
Receivables and other financial assets	1,946.8	44.9	6.4	1,998.1

Maturity of financial assets that are past due but not impaired at year-end

In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 2015
Debt securities	-	-	-	0.3	0.3
Loans and receivables	94.6	14.5	18.0	16.4	143.6
Receivables and other financial assets	32.6	25.5	13.1	-	71.2
Total	**127.2**	**40.0**	**31.1**	**16.7**	**215.0**

Maturity of financial assets that are past due but not impaired at prior year-end

In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 2014
Debt securities	-	-	-	0.3	0.3
Loans and receivables	337.8	64.5	41.1	24.6	468.0
Receivables and other financial assets	23.7	6.9	14.2	-	44.9
Total	**361.6**	**71.5**	**55.3**	**24.9**	**513.3**

The fair value of collateral held for loans that are past due and not yet impaired was € 158.2 million on 31 December 2015 (2014: € 400.2 million).

Equity risk

Equity risk is the risk of loss in assets and liabilities as a result of lower market prices, or changes in the volatility of equity prices. Most of Delta Lloyd's equity risk is in the investment portfolio and there is equity related risk originating from guarantees in the unit-linked and GSB liabilities portfolio. In 2015, Delta Lloyd kept the risk tolerance for equity risk at 35% of total available economic capital.

On 31 December 2015, Delta Lloyd's equity portfolio which was held at own risk was € 2.2 billion (2014: € 3.0 billion). Approximately 11% (2014: 10%) of these equity investments were in shareholdings with a stake of 5% or more of the outstanding capital of mainly Dutch companies; 49% (2014: 56%) was in investment funds; and 16% (2014: 19%) in alternative equity (includes private equity, hedge funds and CDO equity) at 31 December 2015.. The property and bond funds with a value of € 0.6 billion on 31 December 2015 (2014: € 1.3 billion), are accounted for in equity securities (investment funds). The remaining 24% (2014: 15%) of the portfolio comprised ordinary and preference shares at 31 December 2015. Excluding private equity, preference shares and property and bond funds, and including equity derivatives, the equity portfolio was € 1.8 billion on 31 December 2015 (2014: € 1.8 billion).

Because of high capital charges for equity under Solvency II, Delta Lloyd has reduced its equity exposure. Due to Solvency II and under its revised investment strategy, Delta Lloyd is adjusting its asset mix to achieve an optimal balance between yield and risk. Consequently, Delta Lloyd has sold, and is in the process of selling, a large part of its private equity portfolio. Delta Lloyd reduced equity risk by selling € 426 million of equity securities during 2015 (2014: € 547 million). This amount excludes the sale of private equity fund, but includes the sale of other alternatives.

Delta Lloyd has examined the optimal equity hedge strategy for its portfolio and concluded that the use of options may lead to suboptimal results. Delta Lloyd therefore decided to gradually reduce its equity option portfolio. Equity put option exposure has been reduced from a notional value of € 1.2 billion on 31 December 2014 to zero on 31 December 2015. The notional value of short futures was € 0.5 billion (2014: € 0.5 billion).

Property Risk

Property risk is the risk of losses due to lower prices of property investments. There is no direct property risk in Delta Lloyd’s liabilities. Rental income from the residential portfolio offers protection to the long-term inflation risk faced by Delta Lloyd’s life insurance business.

On 13 November 2015, Delta Lloyd announced that it had sold its office investment portfolio to Singapore-based First Sponsor Group Limited (Ltd) for € 226 million. The portfolio includes 16 prime location office buildings in the Netherlands. Some of these buildings, including the Mondriaan Tower in Amsterdam, are in use by Delta Lloyd and Delta Lloyd will remain on a tenant in these buildings. Following this sale, Delta Lloyd has divested almost its entire office portfolio with the exception of some buildings (€ 19 million) that will be occupied by Delta Lloyd entities or will be transformed into residential units.

On 23 December 2015, Delta Lloyd announced that it had sold its retail portfolio to EPISO 4 for € 273 million. The sale comprised 15 retail centres and premises at prime locations in the Netherlands. With this sale Delta Lloyd has divested its entire retail property portfolio.

The sale of the retail and office portfolios falls under the management actions announced for the transition to Solvency II. This will help to simplify the property portfolio and reduce the risks in the investment portfolio.

Delta Lloyd’s real estate portfolio on 31 December 2015 mainly consists of directly owned residential assets, with a focus on the Netherlands, and indirect exposure to real estate through other investments, namely non-listed Dutch real estate funds.

On 31 December 2015, Delta Lloyd’s property portfolio (excluding property funds), which is held at own risk, was valued at € 1.1 billion (2014: € 2.2 billion), divided into residential 88% (2014: 45%), offices 4% (2014: 35%), retail 0% (2014: 13%), property occupied by Delta Lloyd 5% (2014: 5%) and other 3% (2014: 2%)

Of this portfolio, on 31 December 2015, 89% was located in the Netherlands and 11% in Belgium, compared with 31 December 2014, when 69% was located in the Netherlands, 25% in Germany and 6% in Belgium. Residential property, which to date has remained relatively steady, accounts for the largest share of the portfolio.

Vacancy rates for property in the Netherlands on 31 December 2015 were 2% for residential, 8% for retail and 27% for offices, compared with 2% for residential, 8% for retail and 26% for office on 31 December 2014. Vacancy rates for the Dutch property portfolio are calculated by stating rental income foregone as a percentage of total gross rental income, this year-to-year cumulative rate includes the vacancy of the sold property portfolio.

The contractual terms of leases for offices in the Netherlands excluding those occupied by Delta Lloyd range from two to more than five years.

Delta Lloyd’s short-term strategy for direct real estate investments is to maximise free cash flow and optimise the holdings in its portfolio. In the medium and long-term, Delta Lloyd seeks to be an active real estate fund manager for itself. In addition, it seeks to develop and launch beneficial real estate investment opportunities for itself.

Interest rate risk

Delta Lloyd is subject to interest rate risk as the market value of the assets and liabilities depends mainly on interest rates. There is an additional risk regarding fixed-income assets and instruments, as the yields on these assets may develop differently from the yields used to value the insurance liabilities.

Delta Lloyd uses the greater of the swap and the minimum cost replicating portfolio represented by the Collateralised AAA curve to measure the value of most insurance liabilities. An ultimate forward rate (UFR) of 4.2%, which will be reached in 40 years starting at year 20, is used in line with the methodology adopted by the DNB for the Dutch Financial Supervisory Act (Wft) adequacy test and Solvency II. On 31 December 2014, there was only one bond in the Collateralised AAA curve with a maturity exceeding 15 years. Due to its downgrade by Fitch to AA, the bond disappeared from the Collateralised AAA curve on 2 January 2015. During 2015, Delta Lloyd decided to continue using the Collateralised AAA curve.

The Collateralised AAA curve consisted of 429 bonds on 31 December 2015 compared with 381 bonds on 31 December 2014. The 10-year point of the Collateralised AAA curve on 31 December 2015 was 1.09 %.The Collateralised AAA curve currently exceeds the DNB swap curve for most interest rate durations. An UFR of 4.2% is accepted marketwide by insurers for solvency purposes, is in line with the findings of EIOPA and close to the forward rate as calculated by the methodology of the commission UFR. Delta Lloyd therefore still considers a UFR of 4.2% suitable for estimating market interest rates and for valuing its assets and insurance liabilities.

The Dutch life insurance entities of Delta Lloyd also use the Collateralised AAA curve as a basis for reporting under the Wft. The adequacy of the insurance liabilities is assessed on the basis of the DNB swap curve with UFR and deficits are added to the insurance liabilities.

The interest rate risk management aims to ensure a stable Solvency II ratio to the maximum extent possible. Interest rate risk is managed by matching the interest rate sensitivity of assets and liabilities, and by cash flow matching. The interest rate risk is controlled by means of fixed income instruments such as bonds and mortgages, derivatives including swaps and swaptions. The unit-linked guarantee is actively hedged in a separate portfolio. The risk tolerance was set at 12.5% of Delta Lloyd’s total available economic capital for level risk and at 7.5% for slope risk.

The effect of interest rate movements on an economic basis may be different compared to the effects on a regulatory basis. One important factor causing this difference is the UFR. The UFR impacts the interest rate sensitivity of liabilities for maturities beyond 20 year. Because the UFR is only applied to liabilities, those assets and liabilities with maturity > 20 year react differently to the same curve movements. This difference in interest rate risk sensitivity is difficult to manage, and hedging it worsens the cash flow matching or economic hedging. Although Delta Lloyd has accepted this risk in order to maintain cash flow matching, it will continue to closely monitor this risk.

Inflation risk

Delta Lloyd has written collective pension policies under which pension benefits are indexed in line with the Dutch or European inflation rate. Part of this inflation risk is hedged by inflation-linked derivative instruments. Delta Lloyd also faces inflation risk on claims provisions: if inflation rises, so will claims payments. For example, car damage repair costs will be higher than was projected when the premium was set. Finally, Delta Lloyd's expenses are sensitive to inflation risk as a result of, for example, increasing wages. In the event of deflation, the pension obligations are not adjusted downwards, even though the value of the inflation linked swaps would fall. On the other hand, deflation reduces economic costs. This has a positive net effect on total required economic capital employed by Delta Lloyd. The inflation risk tolerance was set at 7.5% of total available economic capital.

Currency risk

Delta Lloyd defines currency risk as the risk that the value of financial instruments will change due to exchange rate fluctuations.

Delta Lloyd operates primarily within the euro area. Its investments in foreign currencies are mainly in pound sterling and the US dollar. Delta Lloyd hedges fixed income investments in liquid foreign currencies to limit the impact of exchange rate fluctuations on profit and loss.

Delta Lloyd does not apply hedge accounting under IAS 39 to offset currency risk. The sensitivity to foreign currency in the event of a 10% decrease in the exchange rate of all foreign currencies at the same time was € -105.2 million (2014: € -115.4 million) on the result before tax and € -78.9 million (2014: € -86.6 million) on capital and reserves on 31 December 2015. In 2015, the risk tolerance for currency risk was set at 4% of total available economic capital, the same as in 2014.

If an internationally-operated company expresses its equity in foreign currency, the value of the equity is expected to rise if the exchange rate in which the equity is quoted falls. This compensating effect has not been included in the sensitivity analysis.

The table below demonstrates foreign currency assets and liabilities that are held at Delta Lloyd's own risk. The amounts are before and after hedging using currency derivatives. The category 'Other' consists mainly of Indonesian Rupiah, Turkish lira and New Taiwan dollars.

Foreign currency exposure own risk

In millions of euros	Currency exposure at year-end	Hedged through currency derivatives at year-end	Net currency exposure at year-end	Currency exposure at prior year-end	Hedged through currency derivatives at prior year-end	Net currency exposure at prior year-end
Pound sterling	265.5	135.0	130.5	185.9	83.7	102.2
US dollar	1,040.8	768.9	271.9	1,075.4	644.6	430.8
Brazilian real	29.4	-	29.4	50.8	-0.4	51.2
Canadian dollar	19.8	9.9	9.9	39.2	10.4	28.8
Swedish krona	21.1	2.3	18.8	26.8	9.6	17.2
Singapore dollar	10.6	-	10.6	17.7	-	17.7
Hong Kong dollar	39.0	-	39.0	53.3	-	53.3
Danish krone	140.8	113.9	26.9	204.4	199.0	5.4
Japanese yen	79.6	11.8	67.8	139.6	93.1	46.5
Mexican peso	40.5	-	40.5	39.2	-	39.2
Polish zloty	39.5	-	39.5	33.0	-	33.0
South African rand	45.5	-	45.5	57.1	-0.3	57.4
Swiss franc	56.4	5.2	51.2	10.8	4.5	6.3
Malaysian ringgit	34.1	-	34.1	30.6	-	30.6
Australian dollar	33.7	-	33.7	29.4	-	29.4
Other	196.3	-6.7	203.0	186.3	-19.1	205.4
Total	**2,092.6**	**1,040.3**	**1,052.3**	**2,179.5**	**1,025.1**	**1,154.4**

Underwriting risk

Underwriting risks arise from the possibility that insurance premiums and/or provisions will not be sufficient to meet future payment obligations. This can occur due to mis-selling, inadequate pricing or when claims differ from what was expected. To manage the underwriting risk, Delta Lloyd has a policy that is periodically tested, in order to ensure that the underwritten risks remain within accepted limits. Each business unit has a dedicated pricing team and a pricing board, that reflect on the pricing and underwriting.

Life Insurance

The main underwriting risks for life insurance are mortality risk, longevity risk, lapse risk and expense risk.

Delta Lloyd distinguishes between three risk factors within mortality risk: catastrophe risk, trend risk and portfolio-specific mortality risk. Within longevity risk, trend risk and portfolio-specific longevity risk are accounted for. Catastrophe and trend risks relate to national developments while the portfolio-specific mortality risk relates to variances in mortality between the national trend and Delta Lloyd's portfolio. The sensitivity analysis separately demonstrates the effects of a change in mortality assumptions.

Delta Lloyd manages longevity risk (the risk that people will live longer than expected) through hedging and detailed analysis, using mortality data within its portfolio as well as the latest external industry data and trends. Delta Lloyd uses this data to form adequate insurance liabilities. Expected future mortality improvements are incorporated in the pricing of products. In principle and when appropriate, Delta Lloyd uses the most recent mortality forecasts when valuing insurance liabilities, other than term life policies.

As from 31 December 2014, Delta Lloyd updated the mortality table to the AG2014 mortality prognosis, which is based on more up-to-date mortality figures than the previous AG2012 prognosis that had been used. One of the main strengths of the AG2014 mortality prognosis is that it is based on historic mortality figures in the Netherlands, but also takes into account the stable European mortality development trend. This makes it transparent, reproducible and suitable for the majority of the population relevant to Delta Lloyd.

Delta Lloyd is setting aside additional longevity provisions for annuity and pension products on top of the premium principles. The additional longevity provisions were € 2,240.7 million on 31 December 2015 and € 2,238.0 million on 31 December 2014. The increase is mainly caused by lower interest rates.

In August 2014 and June 2015 Delta Lloyd completed transactions with Reinsurance Group of America (RGA) to partially mitigate the longevity risk related to its Dutch life insurance portfolio by entering into a six-year and an eight-year longevity derivative, relating to underlying reserves of approximately € 12 billion each. These longevity derivatives will reduce the financial impact of policyholders living longer than currently expected during the term of the longevity derivative contract. In exchange for this protection a fixed premium is paid to RGA at contract maturity that is offset against any payments from RGA due under the longevity derivatives

Mortality risk (the risk that people will die sooner than expected) is also significant to Delta Lloyd's Life insurance business. As with longevity, insight into this risk is obtained by extensive analysis of mortality statistics. Although mortality and longevity risks are opposite risks, they cannot always be netted because of the different age structures and exposures in the portfolios concerned.

Mortality risk is managed by reinsurance and checks for accepting new business. The mortality risk reinsurance programme is set annually. On 31 December 2014, Delta Lloyd Levensverzekering renewed the additional one-year mortality reinsurance contract originally agreed in 2011. The capital relief for 2015 has increased compared to 2014. This contract was not renewed on 1 January 2016, when a one-year stop-loss reinsurance contract was entered into, leading to additional capital relief for 2016. To manage mortality risk, Delta Lloyd's guidelines for term life business include mandatory medical examinations above set limits.

The life insurance business is also exposed to lapse risk. This involves the options available to policyholders to change their insurance. At Delta Lloyd, this mainly involves the possibility that the policies are surrendered, or become paid-up. Keeping life insurance products attractive for customers, agents, intermediaries and banks is key to managing this risk. Trends in lapses in the portfolio are carefully monitored.

Due to the low interest rate environment, most interest-guaranteed products are 'in the money' and the most important risk element for these types of products that they have lower lapses than anticipated.

Expense risk to life insurance mainly involves the risk of increasing costs for maintaining current policies. Delta Lloyd manages this risk through detailed budgeting, a dedicated cost reduction program and monitoring all costs using activity-based costing (ABC).

Life insurance contracts do not have a high concentration risk.

Delta Lloyd regularly tests whether insurance liabilities are adequate. The liabilities in this adequacy test are measured using realistic assumptions plus a margin for uncertainty. Delta Lloyd tests for the purpose of both IFRS (liability adequacy test) and Wft (adequacy test). Each year, an external actuary provides an opinion on the adequacy of the technical provisions. Both IFRS and the Wft tests require the overall technical provisions to be adequate.

On 31 December 2015 compared to year-end 2014, the risk margin increased by € 139 million for IFRS and € 411 million for Wft. The increase of the IFRS risk margin is mainly due to the effect of following the inclusion of operational risk on the Standard Formula basis at half-year 2015. The increase of the risk margin for Wft is mainly caused by the impact of using SF NHR capitals rather than EC NHR capitals at year-end 2015.

General Insurance

Risk management of the general insurance portfolios focuses on risk mitigation through strict acceptance policies, stringent claims-handling procedures and risk-based reinsurance contracts.

An acceptance policy is developed for each Delta Lloyd product line and is evaluated each year and revised if necessary. Regular random checks are carried out on the product lines to check whether underwriters are following the rules and regulations.

Delta Lloyd has customised reinsurance programmes for the various business units and risk groups. The exposure to the parent reinsurance companies of these reinsurance contracts (General Insurance, Life insurance and Delta Lloyd Life Belgium) are monitored in the Delta Lloyd Security List, to ensure that they remain below the concentration limits of Delta Lloyd’s risk appetite.

Catastrophic events are a major risk to Delta Lloyd’s general insurance business. The main natural catastrophe threatening the Netherlands is storms causing severe wind damage. Delta Lloyd’s cumulative risk (maximum possible loss) resulting from natural disasters (particularly storms) is identified using postal codes. Delta Lloyd purchased a reinsurance contract offering protection against a one-in-200 year storm based on the RMS catastrophe model. The catastrophe reinsurance contract for 2015 provides a cover of € 400 million above the retention limit of € 40 million, compared with a cover of € 390.0 million above the retention limit of € 50.0 million for 2014.

For a second catastrophe the retention limit is lowered to € 20.0 million by means of a special reinsurance contract.

Delta Lloyd’s general insurance business also faces risks regarding the frequency and size of claims, unexpected claims, inaccurate pricing of the general insurance risks, inadequate reinsurance protection and concentration risk. To manage the risk of higher claim frequencies and higher-than-expected claims and a higher ratio of claims to premiums (claims ratio), Delta Lloyd monitors the probability of occurrence and the required economic capital per risk group.

In addition, reinsurance contracts per risk group are in place, covering Delta Lloyd against large one-off events such as fires. All these contracts cover both Dutch property and casualty entities within Delta Lloyd.

The Dutch Marine Insurance portfolio risk was transferred to a reinsurance company. The reinsurance company that took over the risk is specialised in runoff business. By setting up a trust the counterparty default risk of this transaction is minimised.

Delta Lloyd takes the ‘premium rating cycle’ characteristic of the general insurance industry into account when pricing general insurance policies. Favourable market results put downward pressure on premiums (due to a higher capital supply) and this leads to weaker financial performance, necessitating an increase in premiums. Delta Lloyd has product teams and specific knowledge centres to manage this risk and for the correct timing of premium pricing or adjustments.

To value insurance liabilities for the general insurances, Delta Lloyd calculates best estimates based on standard actuarial projection techniques. Delta Lloyd therefore uses past claims to project future claims development. This involves the risk that the insurance liabilities may prove to be inadequate.

The adequacy of claim liabilities is therefore tested each quarter, with the external actuary providing an opinion on the adequacy of the technical provisions. Both IFRS (liability adequacy test) and Wft (adequacy test) require the overall technical provisions to be adequate at the legal entity level. Delta Lloyd has internal requirements of adequacy on the segment level of property and casualty as well as disability insurance.

Liquidity Risk

Delta Lloyd has a strong liquidity position, and therefore liquidity risk at group level is deemed to be limited. Active cash management within Treasury ensures Delta Lloyd has sufficient liquidity to meet its liabilities when these fall due. Within Delta Lloyd, the banking operations face the highest liquidity risk. This is the risk that liquid assets are insufficient to meet potential short-term obligations. The banking activities have a separate liquidity policy in place to mitigate this risk. The liquidity risk is closely monitored by risk management functions and asset liability committees within the banking business.

In 2015 and 2014, Delta Lloyd regularly used its Commercial Paper Programme, set up in 2010, to meet part of its short-term financing requirement. The maximum total financing available under these programmes is € 4.0 billion. Delta Lloyd also has substantial committed and uncommitted credit facilities in place with several reputable financial institutions.

Delta Lloyd’s insurance operations face a limited liquidity risk: there are sufficient liquid investments and inflows of new premiums compared to a stable outflow of payments. Delta Lloyd has defined a target liquidity coverage ratio (LCR) of 105% for the insurance entities. The LCR largely meets the target, i.e. the ratios show that in case of a stress situation (e.g. mass lapse, catastrophe), Delta Lloyd will have a sufficient liquid stock of assets.

Delta Lloyd’s banking business requires liquidity mainly to fund residential mortgages and retail lending. Residential mortgages are also funded from alternative sources, such as savings, premium deposits, intercompany loans and assignments, traditional bank financing and repurchase agreement transactions. In 2015, € 23.0 million of funding was obtained through bank annuities, compared with € 98.1 million in 2014. If necessary, Delta Lloyd can partially limit its funding needs by increasing the margins on mortgage loans, thereby limiting new mortgage lending.

The tables below provide details on the contractual maturity of the assets on the statement of financial position of Delta Lloyd. The amounts reported are Delta Lloyd’s own risk. The derivatives are presented in a separate table. The receivables and other financial assets are not included in the statement as they are held for the short term. See section 4.1.7.20 ‘Receivables and other financial assets’ for further information on receivables and other financial assets included in the 2015 Financial Statements incorporated by reference herein.

Contract maturity date of assets at year-end

In millions of euros	Within one year	Between one and three years	Between three and five years	More than five years	Not stated	Total 2015
Goodwill	-	-	-	-	269.2	269.2
AVIF and other intangible assets	-	-	-	-	90.9	90.9
Deferred acquisition costs	-	-	-	-	109.9	109.9
Property and equipment	-	-	-	-	55.1	55.1
Investment property	-	-	-	-	1,052.2	1,052.2
Associates and joint ventures	-	-	-	-	278.9	278.9
Debt securities	688.9	1,134.3	1,914.8	24,487.6	116.4	28,342.1
Equity securities	-	-	-	-	2,169.3	2,169.3
Loans and receivables	44.4	262.6	374.6	14,826.3	404.9	15,912.7
Reinsurance assets	102.3	91.9	61.4	306.4	-	562.0
Inventory of real estate projects	-	-	-	-	-	-
Accrued interest and prepayments	524.0	15.0	-	-	-	539.0
Cash and cash equivalents	2,503.4	-	-	-	-	2,503.4
Assets held for sale	29.2	-	-	-	-	29.2
Total	**3,892.3**	**1,503.9**	**2,350.8**	**39,620.3**	**4,546.8**	**51,914.0**

Contract maturity date of assets at prior year-end

In millions of euros	Within one year	Between one and three years	Between three and five years	More than five years	Not stated	Total 2014
Goodwill	-	-	-	-	290.4	290.4
AVIF and other intangible assets	-	-	-	-	104.2	104.2
Deferred acquisition costs	-	-	-	-	118.3	118.3
Property and equipment	-	-	-	-	102.2	102.2
Investment property	-	-	-	-	2,079.5	2,079.5
Associates and joint ventures	-	-	-	-	338.3	338.3
Debt securities	568.3	1,633.4	1,663.8	27,428.4	136.5	31,430.4
Equity securities	-	-	-	-	2,964.0	2,964.0
Loans and receivables	2,244.2	784.4	954.7	18,548.1	76.7	22,608.2
Reinsurance assets	136.3	111.3	68.4	336.9	-	652.9
Inventory of real estate projects	-	-	-	-	-	-
Accrued interest and prepayments	669.6	-	-	-	-	669.6
Cash and cash equivalents	2,979.8	-	-	-	-	2,979.8
Assets held for sale	3.1	-	-	-	-	3.1
Total	**6,601.3**	**2,529.1**	**2,687.0**	**46,313.4**	**6,210.1**	**64,340.8**

The tables below present the maturity analysis for derivatives. The amounts reported are held at Delta Lloyd's own risk and at the risk of policyholders. All positive cash flows are added up and broken down by maturity, and all negative cash flows are added up and broken down by maturity. Neither the positive nor the negative cash flows are discounted, so they cannot be reconciled with the statement of financial position.

Maturity analysis of derivatives at year-end

In millions of euros	Within one year	Between one and three years	Between three and five years	More than five years	Total 2015
Negative cash flow	1,519.6	158.9	199.0	5,264.2	7,141.6
Positive cash flow	1,667.5	491.8	350.1	5,837.7	8,347.1

Maturity analysis of derivatives at prior year-end

In millions of euros	Within one year	Between one and three years	Between three and five years	More than five years	Total 2014
Negative cash flow	1,761.7	308.9	373.5	4,385.9	6,830.1
Positive cash flow	1,889.6	941.2	316.1	5,448.4	8,595.3

The tables below provide information on the contract maturity dates of the insurance contracts. The amounts are discounted cash flows.

Contract maturity date of insurance contract liabilities at year-end

In millions of euros	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2015
Non-unit-linked	1,481.5	5,307.9	11,752.4	12,596.8	31,138.6
Unit-linked	799.7	2,710.0	4,859.9	4,241.3	12,611.0
Total life insurance contract liabilities	2,281.3	8,017.9	16,612.3	16,838.1	43,749.6
General insurance liabilities	625.6	807.6	512.7	94.3	2,040.3
Total	**2,906.9**	**8,825.6**	**17,125.0**	**16,932.5**	**45,789.9**

Contract maturity date of insurance contract liabilities at prior year-end

In millions of euros	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2014
Non-unit-linked	2,098.5	6,498.9	12,643.9	13,458.9	34,700.2
Unit-linked	938.0	2,882.2	5,170.5	4,620.5	13,611.1
Total life insurance contract liabilities	3,036.5	9,381.1	17,814.4	18,079.4	48,311.4
General insurance liabilities	692.1	832.3	540.2	105.7	2,170.4
Total	**3,728.7**	**10,213.4**	**18,354.6**	**18,185.1**	**50,481.7**

The tables below provide details on the contract maturity dates of investment contracts. The amounts shown are undiscounted cash flows and therefore cannot be reconciled with the statement of financial position. There is an increase of € 594.8 million for the year ended 31 December 2015.

Contract maturity date of investment contracts at year-end

In millions of euros	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2015
Non-unit-linked	168.1	882.6	2,592.4	2,532.7	6,175.8
Unit-linked	21.5	237.7	619.8	958.9	1,837.9
Total life investment contract liabilities	**189.6**	**1,120.3**	**3,212.2**	**3,491.6**	**8,013.7**

Contract maturity date of investment contracts at prior year-end

In millions of euros	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2014
Non-unit-linked	302.9	1,017.5	2,401.0	2,456.2	6,177.6
Unit-linked	13.8	175.3	573.6	478.6	1,241.3
Total life investment contract liabilities	**316.7**	**1,192.8**	**2,974.6**	**2,934.8**	**7,418.9**

The tables below provide details on the contractual maturities of borrowings. The amounts reported may differ from those in the consolidated statement of financial position, which are based on undiscounted cash flows. Items that do not generate cash flow are discounting, amortisation of expenses, value changes in derivatives, own risk surcharges and the like. In addition, undiscounted future interest payments are reported in a separate line and allocated to the relevant maturity category.

Interest payments on loans and loan terms are recognised until the contract end date.

Contract maturity date of borrowings at year-end

In millions of euros	within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	More than five years	Total 2015
Subordinated debt	-	-	-	-	-	1,650.8	1,650.8
Securitised mortgage loan notes	-	-	-	-	-	2,218.9	2,218.9
Medium-term note	-	575.0	-	-	-	-	575.0
Commercial paper	164.9	-	-	-	-	-	164.9
Convertible loan	-	-	-	-	-	2.0	2.0
Total borrowings	164.9	575.0	-	-	-	3,871.7	4,611.5
Future interest payments	133.2	133.0	108.5	108.5	108.5	4,949.2	5,541.0
Total borrowings including future interest payments	**298.1**	**708.0**	**108.5**	**108.5**	**108.5**	**8,820.9**	**10,152.6**

Contract maturity date of borrowings at prior year-end

In millions of euros	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	More than five years	Total 2014
Subordinated debt	-	-	-	-	-	1,650.7	1,650.7
Amounts owed to credit institutions	-	-	-	-	-	-	-
Securitised mortgage loan notes	-	-	-	15.3	-	2,920.1	2,935.4
Medium-term note	-	-	575.0	-	-	-	575.0
Commercial paper	311.0	-	-	-	-	-	311.0
Convertible loan	-	-	-	-	-	2.0	2.0
Other	42.1	88.4	24.5	4.7	3.8	16.7	180.3
Total borrowings	353.2	88.4	599.5	20.1	3.8	4,589.6	5,654.4
Future interest payments	127.9	125.6	146.5	145.9	121.2	5,333.7	6,000.9
Total borrowings including future interest payments	**481.1**	**214.0**	**746.0**	**165.9**	**125.1**	**9,923.3**	**11,655.4**

Sensitivity analysis

Due to the nature of Delta Lloyd's business, a number of assumptions are made in compiling the financial statements. These include assumptions concerning mortality rates and expenses in connection with in-force business. The investment return also affects the results. The sensitivity of the result and shareholders' funds to changes in assumptions is set out below. For each sensitivity factor, all other assumptions have been left unchanged. This is unlikely to occur in practice and changes in some of the assumptions may be correlated, for instance a change in interest rate with a change in equity prices. These sensitivities can be described as follows:

Sensitivity factor

Factor	Description of sensitivity factor
Credit spreads	The effect of a 50 bps change in credit spread (applicable to sovereign, sub-sovereign and collateralised bonds with a rating below AAA, corporate bonds, FV loans).
Interest rates	The effect of a 25 bps increase or decrease across the yield curve taking the UFR methodology into account (UFR is not changed).
Equity values	The effect of a change of 10% in equity value (applicable to ordinary shares, 5% participations, investment funds and derivatives), taking into account a beta factor of 84% (2014: 81%).
Property values	The effect of a change of 10% in property value (applicable to offices, residential, retail and other property).
Funding spreads	The effect of a 50 bps change in funding spread (applicable in the valuation of FV mortgages without a NHG guarantee and mortgage funding).
Expenses	The effect of a 10% increase in expense assumptions
Mortality and disability risk in life insurance	The effect of an increase of 5% in mortality and disability risk probabilities.
Longevity risk	The effect of a reduction of 5% in mortality probabilities.
Additional interest sensitivities on the Collateralised AAA curve	The effect of a Last Liquid Point (LLP) of 15 years.
Additional interest sensitivities on the Collateralised AAA curve	The effect of a UFR of 3.2%
Additional interest sensitivities on the Collateralised AAA curve	The effect of a LLP of 15 years in combination with a UFR of 3.2%.

The effects of these sensitivity factors, which are determined using actuarial and statistical models, are shown in the tables below. For life insurance, the sensitivities are only disclosed gross of reinsurance as the reinsured portion does not lead to a material change in value. For general insurance, the sensitivities are shown both gross and net of reinsurance. The sensitivity analysis of level 3 measurements in the fair value hierarchy (measurement method not based on significant observable market inputs) is presented in section 4.1.7.37 'Fair value of assets and liabilities'. The sensitivity analysis of pensions is presented in section 4.1.7.29 'Pension obligations'.

The tables below show the impact of the main market risks for Delta Lloyd on results and shareholders' funds. The IFRS sensitivities are based on Delta Lloyd accounting policies and are shown after tax. The interest rate sensitivities take into account the UFR methodology and are calculated using a fixed UFR (UFR is only changed in the specific UFR and LLP scenarios on the Collateralised AAA curve). The sensitivities of Delta Lloyd Deutschland and Delta Lloyd Bank Belgium are not taken into account in the figures of 31 December 2014 and 31 December 2015. Both entities are sold during 2015 and were classified as held for sale on 31 December 2014 with a fixed exit value.

Sensitivity analysis of investments of Life insurance business

In millions of euros	Impact on result at year-end	Impact on shareholders' funds at year-end	Impact on result at prior year-end	Impact on shareholders' funds at prior year-end
Credit spreads +50 bps	-588.4	-588.4	-426.5	-426.5
Credit spreads -50 bps	643.4	643.4	463.2	463.2
Interest rates +25 bps	-829.1	-829.1	-845.5	-845.5
Interest rates -25 bps	877.4	877.4	899.2	899.2
Equity values +10%	-7.6	55.9	-25.5	35.6
Equity values -10%	11.1	-52.4	38.9	-22.3
Property values +10%	99.5	99.5	140.2	140.2
Property values -10%	-99.5	-99.5	-140.2	-140.2

Sensitivity analysis of liabilities of Life insurance business

In millions of euros	Impact on result at year-end	Impact on shareholders' funds at year-end	Impact on result at prior year-end	Impact on shareholders' funds at prior year-end
Credit spreads +50 bps	-	-	-	-
Credit spreads -50 bps	-	-	-	-
Interest rates +25 bps	798.9	798.9	823.0	823.0
Interest rates -25ps	-836.6	-836.6	-861.7	-861.7
Equity values +10%	40.3	40.3	37.0	37.0
Equity values -10%	-46.9	-46.9	-39.4	-39.4
Property values +10%	-	-	-	-
Property values -10%	-	-	-	-
Mortality rates -5%	-218.0	-218.0	-213.5	-213.5
Expense risk +10%	-30.1	-30.1	-35.1	-35.1
Mortality rates +5%	203.5	203.5	207.4	207.4
Collateralised AAA curve with LLP 15 yr	501.6	501.6	NA	NA
Collateralised AAA curve with UFR 3.2 %	-304.4	-304.4	NA	NA
Collateralised AAA curve with LLP 15 yr and UFR 3.2%	-8.7	-8.7	NA	NA

Sensitivity analysis of General Insurance, gross of reinsurance

In millions of euros	Impact on result at year end	Impact on shareholders' funds at year end	Impact on result at prior year end	Impact on shareholders' funds at prior year end
Credit spreads +50 bps	-11.0	-25.4	-12.9	-25.9
Credit spreads -50 bps	11.5	26.7	13.5	27.2
Interest rates +25 bps	1.5	-8.3	2.6	-8.7
Interest rates -25 bps	-1.0	9.1	-2.7	9.0
Equity values +10%	0.3	18.5	0.4	10.6
Equity values -10%	-0.6	-18.0	-1.0	-10.6
Property values +10%	-	0.3	-	4.1
Property values -10%	-	-0.3	-	-4.1
Expense risk +10%	-23.2	-5.4	-23.8	-5.1
Claims ratio +5%	-32.2	-32.2	-36.4	-36.4

Sensitivity analysis of General Insurance, net of reinsurance

In millions of euros	Impact on result at year-end	Impact on shareholders' funds at year-end	Impact on result at prior year-end	Impact on shareholders' funds at prior year-end
Credit spreads +50 bps	-11.0	-25.4	-12.9	-25.9
Credit spreads-50 bps	11.5	26.7	13.5	27.2
Interest rates +25 bps	1.5	-8.3	2.6	-8.8
Interest rates -25 bps	-1.0	9.1	-2.7	9.0
Equity values +10%	0.3	18.5	0.4	10.6
Equity values -10%	-0.6	-18.0	-1.0	-10.6
Property values +10%	-	0.3	-	4.1
Property values -10%	-	-0.3	-	-4.1
Expense risk +10%	-23.2	-5.4	-23.8	-5.1
Claims ratio +5%	-29.8	-29.8	-29.3	-29.3

Sensitivity analysis of Bank and other

In millions of euros	Impact on result at year-end	Impact on shareholders' funds at year-end	Impact on result at prior year-end	Impact on shareholders' funds at prior year-end
Credit spreads +50 bps	-	-1.7	-	-3.2
Credit spreads -50 bps	-	1.7	-	3.2
Interest rates+25 bps	-25.6	-27.0	-27.5	-28.9
Interest rates -25 bps	26.2	27.6	28.1	29.5
Equity values +10%	-	8.1	-	7.4
Equity values -10%	-	-8.1	-	-7.4
Funding spreads +50 bps	-26.8	-26.8	-18.1	-18.1
Funding spreads -50 bps	26.8	26.8	18.0	18.0

Credit spread risk
Credit risk increased in 2015 mainly due to increased exposure to credit risk. This is mainly caused by higher exposure to sovereign bonds with a rating below AAA at the cost of AAA sovereign bond exposure. Credit spread sensitivities do not contain spread sensitivity to mortgages and mortgage funding. The sensitivity in the funding spread of mortgages is reported separately.

Interest rate risk
Under IFRS, insurance liabilities are measured using the Collateralised AAA curve. Delta Lloyd introduced the UFR methodology in the Collateralised AAA curve in 2013. The sensitivities are calculated using a fixed UFR. In addition, due to the current low interest rates, interest rate sensitivity is based on a 0.25% increase or decrease in interest rates.

At group level the sensitivity to both investments and liabilities slightly decreased due to the increased interest rates in 2015. Given that the decrease in investments and liabilities are comparable the total sensitivity impact remained stable compared to year-end 2014.

Equity risk
Since equity derivatives are valued at fair value with movement through profit and loss while other equity classes are not, there is a difference in the impact of equity risk on the results and on the solvability. Equity sensitivity to a fall in equity markets increased compared to year-end 2014, due to a slight increase in exposure in 2015 to conventional equity, the reclassification of real estate funds and preference shares to equity and a reduction in equity option exposure. The significant reduction in private equity does not impact sensitivities as those investments are not included in sensitivity analysis under IFRS. In determining the equity sensitivities, Delta Lloyd takes into account the relation between its equity risk profile and general market equity risk. If market equity values drop by 10% a less severe loss is expected in Delta Lloyd’s equity portfolio. This beta factor used to determine the equity sensitivities is based on an internal investigation of the equity portfolio and equals 84% at year-end 2015 compared to 81% at year-end 2014.

Property risk
Sensitivity to a fall in property markets decreased in 2015. In the second half of 2015 a large portion of the commercial real estate portfolio of Delta Lloyd was sold. This sale results in lower property exposure and therefore to a reduction of the property sensitivities.

Funding spread risk
Sensitivity to mortgages and mortgage funding is reported separately under the funding spread sensitivity. The bottom-up spread for determining the fair value of the mortgage portfolio depends on spreads obtained from the residential mortgage-backed securities (RMBS) market. The bottom-up spread is compared with a top-down benchmark and is adjusted when the bottom-up spread is outside the benchmark. In determining the mortgage sensitivities the assumption is made that both the bottom-up spread as the top-down benchmark change with 50 bps. Delta Lloyd excludes mortgages with a national mortgage guarantee (NHG) when determining the funding spread sensitivity. The treatment of NHG mortgages is in line with the methodology under Basel. In addition, Delta Lloyd uses mortgages as matching assets for long-term insurance liabilities. In this respect Delta Lloyd primarily faces default risk on its mortgage portfolio. The exclusion of mortgages with a NHG guarantee reduced the +50 bps sensitivity on result and shareholders’ funds by € 26.7 million and reduced the -50 bps sensitivity by € 26.7 million per year-end 2015.

Insurance risks

In addition to the impact of the main market risks on shareholders' funds, the sensitivity to a number of insurance risks is also presented. All reported insurance risks (longevity risk, mortality risk, expense risk and claims ratio risk) remained fairly stable compared to year-end 2014, small changes are seen due to development in the insurance portfolio.

Additional sensitivities on the Collateralised AAA curve

Under IFRS, insurance liabilities are measured using the Collateralised AAA curve. This interest rate curve is assumed to converge to a fixed ultimate forward rate (UFR) after the last liquid point (LLP). At year-end 2015, the UFR and the LLP used to determine the Collateralised AAA curve were equal to 4.2% and 20 years respectively. To provide more insight in the sensitivity of the insurance liabilities to the underlying assumptions additional interest rate sensitivities are determined based on a UFR of 3.2%, a LLP of 15 years and a combination of both. These additional sensitivities are determined for the first time at year-end 2015, hence comparison with year-end 2014 is not applicable. In addition the sensitivities have only been determined for the life insurance business since the effects are not material for general insurance and other business. A change of the LLP results in an earlier convergence to the UFR. This increases the interest rate curve for long durations, resulting in a positive effect on shareholders' funds. Lowering the UFR to 3.2% decreases the interest rate curve, resulting in a decrease of shareholders' funds. When a combination of both UFR and LLP change is applied both effects cancel out, resulting in a limited total impact.

Limitations of sensitivity analysis

The sensitivity tables demonstrate the effect of a change in one of the key assumptions while other assumptions remain unchanged. In reality, such an occurrence is very unlikely due to correlation between the factors. Furthermore, these sensitivities are non-linear, and larger or smaller impacts cannot easily be derived from the results. The sensitivity analysis does not take into consideration that Delta Lloyd's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs. The financial risk management strategy aims to actively manage the exposure to market fluctuations. Techniques used include selling investments, changing investment portfolio allocation and using derivative financial instruments. Another limitation in the sensitivity analysis is that the hypothetical market movements represent Delta Lloyd's view on reasonably possible near-term market changes, which cannot be predicted with any certainty. A final limitation is the assumption that all interest rates move in an identical direction (with exception of convergence to the UFR) while this may not be the case in practice.

Strategic Risk

Scenario thinking

When Delta Lloyd devises its strategy it takes into account scenarios outlining possible directions for the business in the future. The scenarios analyse social, economic and market trends that are not under Delta Lloyd's direct influence and how these could shape the business environment in 15 to 20 years' time. Based on this, Delta Lloyd can make strategic decisions that allow it to act upon opportunities and mitigate uncertainties and risks.

Delta Lloyd has used scenarios since 2004 to guide its strategy. Scenario thinking is embedded in its management and control processes. It determines the choices made and the areas Delta Lloyd focuses on when it plans its business activities. Delta Lloyd's updated 'Closer to the customer' strategy builds on its mission statement and consists of key success factors supported by enablers for success. The strategy is being translated into tactical and operational plans for 2016 through 2018. Delta Lloyd recently announced a broad plan of management actions and capital measures, along with Strategy 2020: Closer to the customer, designed to ensure Delta Lloyd is strongly positioned in the new Solvency II era, which has been, effective since 1 January 2016. Delta Lloyd's plans are also intended to manage capital adequacy and the sensitivity of results to market movements and to improve its operating and financial performance

Own risk and solvency assessments (ORSA)

Delta Lloyd uses scenarios to assess whether inherent risks, effectiveness of controls and an assessment of the probability and consequences of residual risks are covered. The risk management cycle includes quarterly risk updates, which are done by the management of each of Delta Lloyd's business units and annually ORSA are conducted, which are also a requirement for Solvency II. The update is a bottom-up process, which reflects risks at team, business unit and group level. Based on the identified risks, a Top 10 risk map is drawn up and actions are defined to mitigate these risks. ORSA is a more forward-looking risk management exercise to oversee and manage the effects of risk scenarios over a longer period and is incorporated in Delta Lloyd's planning process.

Corporate competences

To achieve itsstrategic goals, Delta Lloyd must have the right competences in the organisation. Delta Lloyd excels in areas such as multi-channel distribution, risk management, efficiency, and anticipating regulatory and market changes that could influence its business, such as the growing demand for defined-contribution products.

Areas where Delta Lloyd needs to develop or improve competences include customer focus, further simplifying Delta Lloyd's relatively complex IT systems and risk-based pricing—analysing specific risks and pricing products accordingly, rather than applying a generic price. Many of these competences are IT-related—digitalisation, effectively mining big data and migrating more products and services online.

To strengthen Delta Lloyd's market position and optimise business mix, customer centricity, improving efficiency, risk/return and capital management will be prioritised.

Legal and regulatory risk

By correctly interpreting and translating relevant legislation and regulations, industry codes and codes of conduct into policy, Delta Lloyd can avoid inappropriate behaviour and manage inherent reputation risk and financial risks. A compliance policy has been set up and contains four themes:

- Awareness;
- Governance;
- Signalling legislation and regulations; and
- Implementing legislation and regulations.

The Compliance function is responsible for Delta Lloyd's adherence to laws and regulation and focuses on the requirements of the supervisory authorities. Group departments such as Group Finance, Control & Tax, Group Actuarial and Risk Management, Group HRM and Business Development and Group Legal deal with specific legislation and regulations, e.g. with respect to financial reporting, capital management and HRM-related subjects.

Regulators Desk

Regulation of the financial markets has increased significantly in recent years, partly influenced by the involvement of European regulators. Simultaneously the supervising authorities have strengthened their supervision of financial institutions. The Regulators Desk co-ordinates internal and external contacts with the regulatory authorities and distributes regulators' supplementary guidelines to the different business units. The Regulators Desk is coordinated by Group Compliance.

Customer centricity

Customer centricity is a key element of Delta Lloyd's strategy. A specific programme was set up in 2012 to ensure that focus on the customer's interest is a key priority. The Compliance function actively contributes to the various pillars of this programme and encourages the implementation of any new legislation, regulations and industry codes in this area.

Operational Risk

Delta Lloyd recognises the risk of simultaneously implementing several major change processes, such as sharing services through chain integration and profit improvement programmes, since each of these initiatives requires careful monitoring and control. The Business Development department is responsible for central coordination of the inception, management and implementation of change processes.

Delta Lloyd records and analyses operational losses in the business units and keeps a central register of losses exceeding € 10,000. Scenarios based in part on possible operational losses are computed for impact and probability. This supports current and future risk analysis and controls, which are in place or will be implemented. Delta Lloyd is a member of ORIC International, an independent 'loss data' consortium set up by the Association of British Insurance Companies to provide and benchmark operational loss data for internal Solvency II modelling and operational risk management.

Delta Lloyd's Operational Risk Committee consists of risk management specialists from the divisions and discusses and advises on operational risks. These include the consequences of IT risks on operations, outsourcing, fraud and crime, business protection and human resources.

IT and infrastructure

Delta Lloyd ensures that its IT systems are appropriately structured and utilised to achieve its strategic and operational goals, look after its customers' interests and meet statutory and regulatory requirements. To maintain this situation, Delta Lloyd has an effective IT risk management and control system in place. The IT risk manager supervises compliance with and the further development of the risk management system in a changing environment and under changing market conditions. The ICT Board is the risk committee on IT matters. It comprises managing directors, two members of the Executive Board and Delta Lloyd's chief information officer. The ICT Board regularly discusses issues reported internally and externally.

Sourcing, outsourcing and supplier management

Delta Lloyd has effective control over sourcing, outsourcing and supplier & contract management. Specific compliance clauses, for example security, business continuity, right to audit and supervisory access or annual independent assurance, are added to high risk contracts. In 2015, cloud applications were examined to the standard DNB risk model and measures were taken as necessary. Delta Lloyd currently performs a risk assessment before a new cloud computing application is allowed into operation. As Delta Lloyd is exposed to supplier risk, controls are in place to review risk and performance of suppliers. This is primarily aimed at detecting and preventing vendor lock-in in business processes, but also as performance review of supplied goods of services relating to cost and quality.

Business continuity management

Delta Lloyd aims to deliver secure and reliable services. To ensure adequate response to unusual events, Delta Lloyd regularly tests its incident and crisis management procedures. Contingency and continuity plans have been prepared for all critical business operations and applications.

In 2015, the Business Continuity programme invested further in risk management, crisis management training and exercising, as well as IT continuity testing. Continuity measures continue to be aligned with customer expectations.

Information security

Information security ensures the delivery of secure and reliable services to Delta Lloyd's customers. In 2015, Delta Lloyd continued its information security programme and assessed and improved the information security maturity level as well as cyber security capabilities. Delta Lloyd made important steps towards a robust cyber security defence and identified opportunities to further strengthen the security of online presence and information security risk management capabilities.

Human resources

Recruiting, developing and retaining qualified staff is vital to Delta Lloyd's business. Trainee programmes have been developed to attract young talent, and Delta Lloyd is strengthening the leadership abilities of its management through a customised leadership programme. Employees' professional and personal development is appraised annually by management and facilitated by using performance-based management, including development programmes and professional courses. This enhances the retention of qualified staff and preserves vital knowledge and expertise for Delta Lloyd.

The Human Resources Board (HR Board) is the risk committee on human resource matters. It comprises of managing directors, two members of the Executive Board (one of which is the chairman) and the HR Director. The HR Board regularly discuses human resources policies and risk issues are regularly discussed by the HR Board.

Fraud and crime

Fraud and other criminal activities result in operational losses. Group Integrity has defined fraud prevention measures. In addition, controls to minimise fraud risks were implemented in the context of Solvency II. Delta Lloyd has taken out 'crime insurance' for major claims (over € 5 million) resulting from fraud.

Group Integrity prevents fraud by raising employees' awareness of fraud, by giving advice and performing fraud risks analyses (e.g. by using analytical fraud detection software), so that attempts at fraud are identified as quickly as possible and an honest portfolio is achieved. If losses are caused by fraud or other criminal activities, Group Integrity investigates them and aims to recover the loss and the cost of the investigation from the perpetrator.

Financial reporting risks

Delta Lloyd manages its financial reporting risks through an internal control framework and external audit. Financial reporting within Delta Lloyd is the outcome of a structured process carried out by various divisions, directed and supervised by Delta Lloyd's financial management. The Executive Board is responsible for designing, maintaining and monitoring the controls for financial reporting.

4.1.7.2 Capital management

The capital structure of Delta Lloyd is managed on the basis of the economic risks and the statement of financial position as well as on the regulatory requirements for insurers (Solvency I and from 2016 Solvency II (see section 2.2 'Capital')) and banks (Basel III). Minimum capital requirements are set for each individual entity based on different economic and operating scenarios. Total capital employed is allocated in a way that meets the required minimum and maximises the expected returns while the operational result on issued capital is higher than the cost of capital.

In managing its capital, Delta Lloyd seeks to:

- Match the profile of its assets and liabilities, taking account of the risks inherent in each division, in such a way that the vast majority of capital is held in fixed-income securities;
- Maintain financial strength to support new business and satisfy the requirements of policyholders, management, regulators and rating agencies at all times;
- Retain financial flexibility by maintaining strong liquidity, including substantial unutilised credit lines, and access to a range of capital markets; and
- Allocate capital efficiently to support growth.

An important aspect of Delta Lloyd's capital management process is setting after-tax profitability targets for the individual divisions. These targets are aligned to performance objectives and ensure Delta Lloyd remains fully focused on creating value for its shareholders. Delta Lloyd has access to a number of sources of capital and seeks to optimise its debt-to-equity ratio to ensure that it can consistently maximise returns to shareholders.

Total capital employed

Total capital employed is defined as share capital and reserves, adjusted for subordinated loans received, goodwill, the prudential margin and other capital items. The prudential margin is defined as the sum of the LAT margin for life insurance and the prudential margin for general insurance. The other capital items includes the subtraction of IFRS equity from banking activities, the difference between local accounting and IFRS accounting in Belgium and Germany, conditional profit sharing at Delta Lloyd Deutschland, intangible assets, mortgage revaluation and asset management fees. Delta Lloyd Deutschand effects, mortgage revaluation and asset management fees are excluded from the available capital in 2015 due to sale of Delta Lloyd Deutschland and recalibration in assumptions. For 2015, capital employed is determined using carrying amounts based on regulatory policies instead of IFRS accounting policies; comparative figures have been adjusted. The composition is as follows:

Total capital employed at year-end

In millions of euros	2015	2014
Total capital and reserves attributable to parent	2,568.9	2,468.4
Perpetual subordinated debts	879.9	878.8
Other subordinated debts	156.2	229.8
Goodwill	-269.2	-290.4
Prudential margin	753.1	600.9
Other capital items	-426.5	166.0
Total capital employed	**3,662.3**	**4,053.4**

Subordinated debts with a maturity date can be accounted for as capital employed under IGD up to a limit of 25% of the lower of either the total of the actual solvency margin or of the required solvency margin of Delta Lloyd. The perpetual subordinated debts can be accounted for as capital employed under IGD up to a limit of 50% of either the lower of the total of the actual solvency margin or of the required solvency margin at Delta Lloyd. For more detailed information on subordinated debts see section 4.1.7.32 'Borrowings'.

Total capital employed decreased by € 391.1 million compared to 2014 mainly as a result of the sale of Delta Lloyd Deutschland and the local GAAP effect at Delta Lloyd Life Belgium, partially offset by the increased prudential margin.

Capital requirements

To provide strong assurance to shareholders and policyholders that Delta Lloyd can meet their demands, management has defined a minimum capital requirement. Delta Lloyd tests the total capital employed and the required capital level at regular intervals. During the year, Delta Lloyd complied with the regulatory requirements, both on a consolidated basis and at the level of regulated entities.

The table below shows the solvency ratio (Solvency I) under the regulatory requirements (Insurance Group Directive, IGD) for insurance and all non-banking activities. The capital relating to the banking activities is assessed based on the transitional Basel III system, CRD IV phase in.

Solvency ratio at year-end

	2015	2014
Regulatory (IGD) group solvency	177%	183%
Bank NL - Total capital ratio	15.5%	15.5%

Due to sound risk and capital management, Delta Lloyd still enjoys healthy solvency levels. In 2015 the IGD ratio negatively developed following recalibrations of assumptions, dividend payment and the adjustment in the risk margin, which at year-end 2015 is based on Standard Formula Solvency II risk capitals rather than partial internal model capitals. These effects are only partly offset by the equity offering in March 2015 and the capital generation on operational business.

Solvency II is the new regulatory framework for insurance companies operating in the European Union. It became effective on 1 January 2016. Solvency II is explained in section 4.1.7.1 'Risk Management'.

4.1.7.3 Segment information

Reports to the Executive Board of Delta Lloyd are based on both operations and divisions. Delta Lloyd bases its operating segments on the nature of the products and services provided, i.e. the nature of the operations. This choice was made as operations take a more prominent role in the decision-making and management process for allocating resources and measuring and evaluating financial performance. The following operating segments were identified: Life Insurance, General Insurance, Bank, Asset Management and Corporate and other activities. All transactions between the segments are at arm's length. Although the segment information for the Executive Board is based on the IFRS figures, as shown in the financial statements, there are some exceptions, which are explained below in ‘basis of accounting’.

Operating segments

Life

The Life business comprises life insurance, savings, pensions and annuity business written by the life insurance subsidiaries, including managed pension fund business and the share of the other life and related business written by associates. Premium and investment income are the main sources of revenues for this operating segment.

General

The general insurance business provides insurance coverage to individuals and businesses for risks associated with motor vehicles, property, disability and liability, such as employers’ liability and professional indemnity liability. Premium and investment income are the main sources of revenues for this operating segment.

Bank

Delta Lloyd Bank has retail banking and mortgage activities in the Netherlands and until July 2015 in Belgium. The main sources of revenue for this operating segment are interest income and fees.

Asset Management

The asset management business invests at Delta Lloyd’s own risk and at the risk of policyholders, provides investment management services to institutional pension fund mandates and manages a range of retail investment products, including investment funds.

Corporate and Other Activities

Any business activities that are not reportable segments are reflected in this category. It includes Delta Lloyd’s mortgage business, which is unrelated to the Life and Bank segments. The mortgages shown in the Life segment are part of the investment portfolios of life insurance companies. Health label activities are also included in the Corporate and Other Activities segment. Overheads, such as the financing of Delta Lloyd, expenses incurred by corporate staff departments and other activities not related to the core segments, as well as results on the run-off of the health insurance business, are also classified as ‘Corporate and Other Activities’. Compared to the prior year financial statements, Delta Lloyd Treasury is reclassified from segment Asset Management to segment Corporate and Other Activities because the business activities of Treasury are more in line with the activities of other entities in this segment. The Eliminations column relates to intercompany eliminations between operating segments and eliminations for group purposes.

Basis of accounting

Segment performance is evaluated using a profit or loss measure, which is measured differently in certain respects from the profit or loss in the consolidated financial statements. The Executive Board assesses the performance of the operational segments using operational result after tax and non-controlling interests.

Operational result after tax and non-controlling interests as presented by Delta Lloyd is a non-GAAP financial measure and is not a measure of financial performance under IFRS and should be considered in conjunction with Delta Lloyd's IFRS results. Operational result after tax and non-controlling interest should not be considered in isolation as an alternative to the IFRS result before tax from continuing operations or to other data presented in Delta Lloyd's financial statements as indicators of financial performance. Since operational result as presented by Delta Lloyd is not determined in accordance with IFRS, it may not be comparable to other similarly titled measures of performance of other companies.

Delta Lloyd's net IFRS income is inherently volatile, principally as a result of the application of mark-to-market accounting since 2006. Given this volatility, Delta Lloyd does not view net IFRS result as the most effective measure by which it can judge the operational performance of the Group.

Change in segment information reporting

Operational result after tax and non-controlling interests was developed as a measure to capture Delta Lloyd's 'underlying' profitability. Until 2014, operational result after tax and non-controlling interests included actual and presumed long-term investment returns, in addition to the operational technical result (the IFRS underwriting result, excluding non-operational items, which reflect one-off circumstances or are otherwise, in the judgement of management, not attributable to the ongoing business operations of Delta Lloyd). Long-term investment returns (LTIR) for purposes of operational result after tax and non-controlling interest was determined by utilising the last known interest rate (based on the 10-year point on the Collateralised AAA curve). The 'assumed interest rate' by means of this long-term investment return is not in line with the short-term investment returns in the IFRS profits and losses of Delta Lloyd. Therefore Delta Lloyd decided to reassess its definitions of operational result after tax and non-controlling interest in 2014. After reassessing the operational result formula (and specifically the presumed long-term investment return), Delta Lloyd replaced the long-term investment return with an investment spread (defined as the direct yield minus the cost of liabilities). The long-term investment return understated the actual 'locked-in' direct yield of stable long duration own risk assets. Direct yield is derived from the IFRS result, comprised of dividend income, real estate income, and interest income on fixed income and mortgages. Cost of liabilities includes the required interest on own risk life and general insurance liabilities and finance costs. The required interest on own risk life insurance liabilities is measured per period and can be calculated by multiplying the opening balance of the life insurance liabilities of each period. The 13-year point is used as a proxy for the average duration of the life insurance liabilities.

The comparative 2014 figures for the operational result are therefore adjusted. This is reflected in the next table:

Redefinition of operational result 2014

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and other activities	Elimi-nations	Total
Previously reported operational result after tax and non-controlling interests	**250.7**	**76.9**	**26.7**	**25.9**	**-3.4**	**-**	**376.8**
Income tax	88.5	30.3	8.9	8.6	-1.1	-	135.3
Non-controlling interests	14.9	14.1	-	-	0.1	-	29.0
Operational result before tax and non-controlling interests	**354.0**	**121.3**	**35.6**	**34.6**	**-4.5**	**-**	**541.1**
Operational technical result of Delta Lloyd Deutschland (HFS classification)	-4.9	-	-	-	-1.5	-	-6.5
Operational technical result of Delta Lloyd Bank Belgium (HFS classification)	-	-	-15.4	-	-	-	-15.4
Long-term investment return	-256.9	-30.7	-4.1	-0.4	6.1	-	-286.0
Prospective elements	-42.5	-	-	-	-	-	-42.5
Segmental transfer Delta Lloyd Treasury	-	-	-	-7.5	7.5	-	-
Inclusion of investment spread	452.7	43.2	-	-	-68.2	-	427.7
Income tax	-125.6	-33.5	-4.0	-6.7	15.2	-	-154.6
Non-controlling interests	-14.8	-15.3	-	-	-0.1	-	-30.2
New operational result after tax and non controlling interest	**362.0**	**85.0**	**12.1**	**20.0**	**-45.5**	**-**	**433.5**

Segment income and expense presentation

In line with the sale of the banking activities in Belgium and the insurance activities in Germany, these entities have been excluded from the operational result definition. The comparative 2014 figures of the segments Life and Bank are adjusted accordingly.

Segment information provided to the Executive Board

The segment information on 31 December 2015 is reported as follows to the Executive Board:

Income and result for the financial year

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and other activities	Elimi-nations	Total
Income							
Gross written premiums	2,683.7	1,354.7	-	-	-	-	4,038.3
Net premiums earned	2,624.0	1,252.3	-	-	-	-	3,876.3
Fee and commission income	97.2	54.3	26.8	143.6	52.8	-101.7	272.8
Net investment income							
Interest income	1,291.5	46.5	160.3	-	109.8	-78.7	1,529.4
Net rental income	74.1	-	-	-	-	-7.5	66.6
Dividends	242.4	7.4	-	-	-	-	249.9
Movements in the fair value of investments classified as held for trading	-5.1	-	-	-	-	-	-5.1
Movements in the fair value of investments classified as other than trading	229.1	-10.2	4.3	-	-6.6	-	216.5
Realised gains and losses on investments classified as available for sale	251.0	30.2	-0.2	-	-17.9	-	263.1
Impairment of investments classified as available for sale	-21.1	-2.3	-	-	-0.1	-	-23.5
Reversal of impairment of investments classified as available for sale	-	-	-	-	-	-	0.0
Result from loans and receivables	6.8	-	0.7	-	-	-	7.5
Impairment of loans and receivables	-17.6	-	-5.6	-	0.6	-	-22.6
Reversal of impairment of loans and receivables	21.3	-	2.9	-	0.2	-	24.5
Result from derivatives	-665.2	-18.1	-1.5	-	35.9	-	-648.9
Other investment income	-4.3	-	-	-	23.4	-8.5	10.6
Share of profit or loss after tax of associates	75.3	0.3	-	0.1	6.9	-	82.6
Total investment income	1,478.3	53.9	160.9	0.1	152.2	-94.6	1,750.8
Other income	9.1	-0.2	-	-	54.0	0.1	63.0
Total income	4,208.6	1,360.4	187.6	143.6	259.0	-196.2	5,963.0
Total intercompany income	74.1	0.2	34.7	21.3	66.0	-196.2	-
Revenue from external customers	**4,134.5**	**1,360.2**	**152.9**	**122.3**	**193.0**	**-**	**5,963.0**
Result after tax and non-controlling interests	189.9	52.7	37.7	34.6	-186.8	-	128.1
Operational result after tax and non-controlling interests	591.8	68.6	41.6	42.6	-66.6	-	678.0

Expenses for the financial year

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and Other Activities	Elimi-nations	Total
Net claims and benefits paid*	2,994.1	883.9	-	-	-	-	3,878.0
Total change in insurance liabilities, net of reinsurance	-157.0	-56.9	-	-	-	-	-213.8
Charge to financial liability on behalf of third party interest in investment funds	487.3	-	-	-	-	-	487.3
Expenses relating to the acquisition of insurance, investment and other contracts	311.7	334.6	4.3	43.9	23.5	-101.6	616.4
Total finance costs	183.1	12.5	78.4	0.1	149.7	-87.2	336.6
Staff costs and other employee-related expenditures	129.4	111.6	21.9	26.3	221.8	-	511.0
Amortisation of intangible fixed assets	8.9	1.3	0.1	2.5	1.9	-	14.7
Depreciation of property and equipment	2.6	-	-	-	4.8	-	7.4
Operating expenses	169.4	114.3	32.5	24.3	52.8	-7.4	386.0
Impairment of goodwill	-	-	-	-	21.2	-	21.2
Impairment of AVIF	-	-	-	-	-	-	-
Impairment of other intangible fixed assets	0.1	-	-	-	-	-	0.1
Impairment of property and equipment	0.4	-	-	-	-	-	0.4
Impairment of inventory of real estate projects	-	-	-	-	-	-	-
Impairment of receivables	1.3	6.7	-	-	-	-	7.9
Reversal of impairment of receivables	-1.2	-5.2	-	-	-	-	-6.5
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-102.3	-125.9	-	-	-	-	-228.2
Total other operating expenses	208.5	102.8	54.6	53.0	302.5	-7.4	714.0
Total expenses	**4,027.7**	**1,277.0**	**137.3**	**97.0**	**475.7**	**-196.2**	**5,818.5**
Income tax	-10.1	19.4	12.6	11.9	-30.0	-	3.8

*Net claims and benefits paid includes profit sharing and discounts.

Segment statement of financial position at year-end

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and Other Activities	Elimi-nations	Total
Intangible assets	63.3	25.1	-	10.0	261.7	-	360.1
Associates and joint ventures	194.8	5.4	-	0.3	78.4	-	278.9
Financial investments	58,816.7	2,357.8	4,854.3	22.4	2,646.0	-2,622.0	66,075.2
Reinsurance assets	392.2	169.9	-	-	-	-	562.1
Assets held for sale	-	-	-	-	29.2	-	29.2
Other assets	4,197.8	505.0	785.0	47.8	4,473.5	-3,846.4	6,162.7
Total assets	**63,664.9**	**3,063.1**	**5,639.3**	**80.4**	**7,488.9**	**-6,468.4**	**73,468.2**
Total shareholders' funds	2,706.6	529.8	192.3	59.5	-665.6	-	2,822.6
Insurance liabilities	43,749.6	2,040.3	-	-	-	-	45,789.9
Investment liabilities	6,304.5	-	-	-	-	-	6,304.5
Borrowings	965.5	130.0	1,308.4	-	3,052.1	-1,139.9	4,316.2
Other liabilities	9,938.6	363.1	4,138.5	20.9	5,102.4	-5,328.5	14,235.0
Total liabilities	60,958.3	2,533.3	5,447.0	20.9	8,154.5	-6,468.4	70,645.5
Total shareholders' funds and liabilities	**63,664.9**	**3,063.1**	**5,639.3**	**80.4**	**7,488.9**	**-6,468.4**	**73,468.2**
Property and equipment	1.7	-	-	-	7.1	-	8.8
Intangible assets	0.8	-	-	-	1.1	-	1.9
Total capital expenditure	2.5	-	-	-	8.2	-	10.7

Income and result for the prior financial year

In millions of euros	Life***	General	Bank ***	Asset Manage-ment*	Corporate and other activities*	Elimi-nations	Total
Income							
Gross written premiums	2,626.6	1,336.7	-	-	-	-	3,963.3
Net premiums earned	2,563.2	1,124.1	-	-	-	-	3,687.3
Fee and commission income	88.1	61.4	27.3	118.8	53.3	-103.4	245.6
Net investment income							
Interest income	1,285.3	60.5	128.1	-	157.4	-67.5	1,563.8
Net rental income	83.1	-	-	-	-	-6.0	77.1
Dividends	238.6	5.8	-	-	0.9	-	245.3
Movements in the fair value of investments classified as held for trading	-1.2	-	0.1	-	-	-	-1.1
Movements in the fair value of investments classified as other than trading	6,131.9	46.5	37.4	-	15.8	-	6,231.6
Realised gains and losses on investments classified as available for sale	138.8	91.9	7.4	-	16.6	-	254.7
Impairment of investments classified as available for sale	-27.8	-1.1	-	-	-0.1	-	-29.0
Reversal of impairment of investments classified as available for sale	-	0.3	7.0	-	-	-	7.3
Result from loans and receivables	1.8	0.1	0.3	-	-	-	2.2
Impairment of loans and receivables	-14.7	-	-4.8	-	-6.2	-	-25.8
Reversal of impairment of loans and receivables	0.3	-	2.7	-	0.0	-	3.0
Result from derivatives	1,490.6	-45.1	-9.4	-	-24.5	-	1,411.5
Other investment income	20.9	-	-	-	-73.4	-8.3	-60.9
Share of profit or loss after tax of associates	73.4	-	-	0.1	-	-	73.4
Total investment income	9,421.0	159.0	168.6	0.1	86.6	-81.9	9,753.3
Other income	3.1	-3.7	-	-	7.0	0.1	6.7
Total income	12,075.5	1,340.8	195.9	118.9	146.9	-185.1	13,692.8
Total intercompany income	117.0	0.4	38.8	18.2	10.6	-185.1	-
Revenue from external customers	**11,958.4**	**1,340.4**	**157.1**	**100.7**	**136.2**	**-**	**13,692.8**
Result after tax and non-controlling interests	482.0	56.2	34.0	17.0	-228.1	-	361.1
New operational result after tax and non-controlling interests**	362.0	85.0	12.1	20.0	-45.5	-	433.5

*Delta Lloyd Treasury is reclassified from segment Asset Management to segment Corporate and other activities.

**Restated for change in definition of operational result, see table 'redefinition of operational result'.

***Restated for change in presentation of held for sale activities.

Expenses for the prior financial year

In millions of euros	Life***	General	Bank***	Asset Manage-ment*	Corporate and other activities*	Elimi-nations	Total
Net claims and benefits paid**	3,049.7	895.4	-	-	-	-	3,945.1
Total change in insurance liabilities, net of reinsurance	7,128.2	-153.7	-	-	-	-	6,974.5
Charge to financial liability on behalf of third party interest in investment funds	660.6	-	-	-	-	-	660.6
Expenses relating to the acquisition of insurance, investment and other contracts	292.3	341.5	4.4	49.1	23.9	-103.3	608.0
Total finance costs	184.9	55.1	80.5	-	187.5	-75.9	432.1
Staff costs and other employee-related expenditures	129.2	108.2	21.8	26.2	174.7	-	460.1
Amortisation of intangible fixed assets	7.4	1.3	0.1	2.5	2.6	-	13.9
Depreciation of property and equipment	3.1	-	-	-	5.9	-	9.0
Operating expenses	141.4	130.6	41.2	18.1	19.4	-5.9	344.8
Impairment of goodwill	-	-	-	-	-	-	-
Impairment of AVIF	-	-	-	-	-	-	-
Impairment of other intangible fixed assets	-	-	-	-	-	-	-0.0
Impairment of property and equipment	2.5	-	-	-	-	-	2.5
Impairment of inventory of real estate projects	-	-	-	-	-	-	-
Impairment of receivables	1.2	5.8	-	-	-	-	7.0
Reversal of impairment of receivables	-1.2	-5.0	-	-	-	-	-6.2
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-93.9	-131.2	-	-	-	-	-225.1
Total other operating expenses	189.7	109.8	63.2	46.8	202.6	-5.9	606.1
Total expenses	**11,505.4**	**1,248.0**	**148.1**	**95.9**	**414.0**	**-185.1**	**13,226.4**
Income tax	82.6	23.1	13.8	5.9	-39.4	-	86.1

*Delta Lloyd Treasury is reclassified from segment Asset Management to segment Corporate and other activities.

**Net claims and benefits paid include profit sharing and discounts.

***Restated for change in presentation of held for sale activities.

Segment statement of financial position at prior year-end

In millions of euros	Life **	General	Bank **	Asset Manage-ment*	Corporate and other activities*	Elimi-nations	Total
Intangible assets	71.8	26.4	0.1	12.5	283.8	-	394.6
Associates and joint ventures	239.1	5.2	-	0.2	93.7	-	338.3
Financial investments	59,101.5	2,462.9	4,956.1	24.2	3,837.2	-2,972.6	67,409.3
Reinsurance assets	423.5	226.0	-	-	-	-	649.5
Assets held for sale	5,265.5	-	6,925.5	-	-40.0	-	12,151.0
Other assets***	4,491.0	475.5	552.2	17.4	5,388.7	-3,943.6	6,981.2
Total assets	**69,592.4**	**3,196.0**	**12,434.0**	**54.3**	**9,563.3**	**-6,916.2**	**87,923.8**
Total shareholders' funds	3,023.4	533.6	508.2	41.7	-1,360.7	-	2,746.2
Insurance liabilities	43,492.0	2,170.4	-	-	-	-	45,662.4
Investment liabilities	6,154.3	-	-	-	-	-	6,154.3
Borrowings	884.0	130.0	1,463.5	-	3,998.9	-1,153.4	5,322.9
Liabilities relating to assets held for sale	5,011.2	-	6,572.5	-	33.1	-	11,616.8
Other liabilities***	11,027.5	362.0	3,889.7	12.7	6,892.0	-5,762.8	16,421.2
Total liabilities	66,568.9	2,662.4	11,925.7	12.7	10,924.1	-6,916.2	85,177.6
Total shareholders' funds and liabilities	**69,592.4**	**3,196.0**	**12,434.0**	**54.3**	**9,563.3**	**-6,916.2**	**87,923.8**
Property and equipment	0.7	-	-	-	10.2	-	10.9
Intangible assets	16.5	-	-	-	2.5	-	19.0
Capital injection subsidiaries	-350.0	-37.1	-	-	387.1	-	-
Purchase of subsidiaries	19.5	-	-	-	-	-	19.5
Total capital expenditure	-313.4	-37.1	-	-	399.9	-	49.4

*Delta Lloyd Treasury is reclassified from segment Asset Management to segment Corporate and other activities.

**Restated for change in presentation of held for sale activities.

***2014 Restated, see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications'.

Delta Lloyd Bank Belgium and Delta Lloyd Deutschland are presented as assets held for sale and liabilities relating to assets held for sale in the table above.

Reconciliation to primary financial statements

A reconciliation of operational result after tax and non-controlling interests to result before tax from continuing operations is as follows:

Reconciliation of the result

In millions of euros	2015	2014*
Operational result after tax and non-controlling interests	678.0	433.5
Income tax	235.1	154.6
Non-controlling interests	27.2	30.2
Operational result before tax and non-controlling interests	940.3	618.4
Movement assets	-1,022.1	6,439.1
Movement liabilities	380.6	-6,457.3
Change in provision onerous contracts for subsidiaries sold	-162.1	-134.0
Penalty fee redemption loan Rabobank	-	-32.2
Other	13.7	34.1
Result before tax from continuing operations	**150.4**	**468.2**

*Restated for change in definition operational result.

Higher interest rates and higher corporate credit spreads led to a negative revaluation of assets in 2015.

Furthermore, the Collateralised AAA curve was volatile. After continuing to decline in the first months, the Collateralised AAA curve showed an upward trend until June. In the second half of 2015, the Collateralised AAA curve remained relatively stable (range of 10yr point from 0.92% to 1.12%). Overall, the curve has increased since year-end 2014. This resulted in a release of the insurance provision year-to-date and is shown as a part of 'movement of liabilities' in the table above.

Under the IFRS framework, the Collateralised AAA curve is used to measure the majority of the insurance liabilities. The Collateralised AAA curve is defined as the higher of the DNB swap curve and the curve derived from collateralised AAA euro area bonds. The Collateralised AAA curve is constructed using the ultimate forward rate, with the one-year forward rates for durations of 20 years upwards converging to an ultimate forward rate (UFR) of 4.2% over a period of 40 years.

In the operational result the required interest for segment Life (included in the Cost of Liabilities) is calculated by means of a proxy, using the 13-year point on the Collateralised AAA curve. As a result, the ineffectiveness of the proxy (including the impact of the UFR) is currently not incorporated in the required interest for segment Life. This 'UFR effect' (€ 280.1 million loss) is subsequently not included in the operational result, but in the movement of liabilities.

The negative movement in net assets is primarily driven by adverse credit spread developments and the negative impact of economic hedging (i.e. to protect the SII Standard Formula ratio).

Provision for onerous contracts of € 162.1 million in 2015 relates to the respective sales of Delta Lloyd Deutschland and Delta Lloyd Bank Belgium. See section 4.1.7.30 'Provisions for other liabilities' for more details.

'Other' consists mainly of positive results of Amstelhuys, Delta Lloyd Bank Belgium and associates, partly offset by non-operational expenses.

Management cost base per segment for the financial year

In millions of euros	2015	2014*
Life Insurance	235.3	242.5
General Insurance	210.8	221.6
Bank	50.6	54.2
Asset Management	42.7	43.1
Corporate and other activities	79.2	43.7
Total	**618.6**	**605.2**

*Restated, presented figures exclude Delta Lloyd Bank Belgium and Delta Lloyd Deutschland.

Reconciliation IFRS operational costs to other operating expenses

In millions of euros	2015	2014*
Total other operating expenses**	788.8	716.0
Operating expenses Delta Lloyd Bank Belgium	-74.8	-109.9
Other operating expenses	714.0	606.1
Allocated to expenses relating to the acquisition of insurance and investment contracts	228.2	225.1
Movement in other provisions	-176.7	-139.3
Non-operational costs	-157.9	-95.9
Other	11.0	9.2
Management cost base	**618.6**	**605.2**

*Restated, presented figures exclude Delta Lloyd Bank Belgium and Delta Lloyd Deutschland.
**See section 4.1.2 'Consolidated Income Statement'.

The non-operational costs consist mainly of impairments of € 22.7 million (2014: € 11.6 million), several non-operational strategic and other projects for an amount of € 90.0 million (2014: € 77.0 million), and the fine imposed by the Dutch central bank of € 22.7 million (2014: nil).

The table below provides details of the other operating expenses.

Other operating expenses

In millions of euros	2015	2014*
Staff costs and other employee-related expenditures	511.0	460.1
Amortisation of intangible fixed assets	14.7	13.9
Depreciation on property and equipment	7.4	9.0
Operating expenses	386.0	344.8
Impairment of property held for sale	-	0.0
Impairment of goodwill	21.2	-
Impairment of other intangible fixed assets	0.0	-0.0
Impairment of property and equipment	0.4	2.5
Impairment of receivables	7.9	7.0
Reversal of impairment of receivables	-6.5	-6.2
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-228.2	-225.1
Total other operating expenses	**714.0**	**606.1**

*Restated, presented figures exclude Delta Lloyd Bank Belgium and Delta Lloyd Deutschland.

The operating expenses include a movement in the provision for onerous contracts of € 162.1 million (2014: € 134.0 million), which consists of Delta Lloyd Deutschland (€ 154.1 million, 2014: nil) and Delta Lloyd Bank Belgium (€ 8.0 million, 2014: € 134.0 million).

Allocated to expenses relating to the acquisition of insurance and investment contracts of € 228.2 million (2014: € 225.1 million) include acquisition costs of € 162.0 million (2014: € 153.8 million) and costs for handling claims of € 66.2 million (2014: € 71.3 million).

Entity-wide disclosures

Geographical areas

Delta Lloyd operates in two main geographical areas. These are the Netherlands and Belgium. Revenue by geographical area does not differ materially from the revenue by area of origin, as most risks are located in the countries where the contracts were written.

Gross written premiums in the financial year

In millions of euros	2015	2014
Netherlands	3,236.0	3,200.1
Belgium	802.3	763.2
Total	**4,038.3**	**3,963.3**

Fee and commission income in the financial year

In millions of euros	2015	2014
Netherlands	242.3	222.1
Belgium	30.5	23.5
Total	**272.8**	**245.6**

Interest income in the financial year

In millions of euros	2015	2014
Netherlands	1,311.6	1,357.8
Belgium	217.8	206.0
Total	**1,529.4**	**1,563.8**

Assets per geographical area at year-end

In millions of euros	Netherlands 2015	Netherlands 2014*	Belgium 2015	Belgium 2014*	Total 2015	Total 2014*
Intangible assets	359.7	393.8	0.4	0.8	360.1	394.6
Associates and joint ventures	278.9	338.3	-	-	278.9	338.3
Financial investments	56,321.8	57,678.7	9,753.4	9,730.5	66,075.2	67,409.3
Reinsurance assets	542.0	616.8	20.1	32.6	562.1	649.5
Assets held for sale	29.2	12,151.0	-	-	29.2	12,151.0
Other assets	4,761.0	5,649.8	1,401.7	1,331.5	6,162.7	6,981.2
Total assets	**62,292.6**	**76,828.4**	**11,175.6**	**11,095.4**	**73,468.2**	**87,923.8**

*Restated, Delta Lloyd Bank Belgium and Delta Lloyd Deutschland are presented as assets held for sale.

4.1.7.4 Subsidiaries

Information on the group companies on 31 December 2015 is included in section 4.2.1.4 'Participating interests'.

The restrictions on dividend distributions relate to minimum regulatory capital requirements.

Disposals during the financial year

The sale of Delta Lloyd Bank Belgium for an amount of € 206.0 million to Chinese insurance company Anbang, announced in December 2014, was approved by the European and Chinese regulators and finalised on 22 July 2015. As a result, assets and liabilities were disposed, the provision for onerous contracts for an amount of € 142.0 million was withdrawn and the revaluation reserve relating to this subsidiary was recognised through the consolidated income statement, leaving a net profit of € 39.8 million at transaction date, which was recognised in segment 'Corporate and Other activities'.

The sale of Delta Lloyd Deutschland for an amount of € 21.7 million to Athene Holding, a Bermuda-based insurance holding company, that was announced in January 2015, was finalised on 1 October 2015, without objection from the German regulator. As a result, assets and liabilities were disposed, the provision for onerous contracts for an amount of € 154.1 million was withdrawn and the revaluation reserve relating to this subsidiary was recognised through the consolidated income statement, leaving a net profit of € 10.8 million at transaction date, which was recognised in segment 'Corporate and Other activities'. The tax expense relating to the loss of discontinuance of Delta Lloyd Deutschland is nil (2014: nil). The tax expense relating to the result from ordinary activities of Delta Lloyd Deutschland amounts to € 10.3 million (2014: € - 6.0 million). Delta Lloyd Deutschland was recognised in segment Life and was a subsidiary of Delta Lloyd NV.

The net fair value of the identifiable assets and liabilities at the date of disposal was as follows:

Assets and liabilities disposed

In millions of euros	Delta Lloyd Deutschland	Delta Lloyd Bank Belgium	Total 2015
Intangible assets	0.0	-	0.0
Property and equipment	517.1	1.4	518.5
Net tax assets	-	22.1	22.1
Financial instruments	4,195.2	6,120.1	10,315.3
Receivables and other financial investments	185.8	297.1	483.0
Cash and cash equivalents	211.5	189.3	400.9
Total assets	5,109.7	6,630.0	11,739.7
Insurance liabilities	4,723.9	-	4,723.9
Pension obligation	59.6	3.0	62.5
Provision for other liabilities	9.0	6.6	15.6
Net tax liabilities	1.9	-	1.9
Financial liabilities	48.2	6,140.3	6,188.5
Other liabilities	91.5	132.2	223.6
Total liabilities	4,933.9	6,282.0	11,215.9
Shareholders' funds	**175.8**	**348.0**	**523.7**
Sales price	21.7	206.0	227.7
Withdrawal from other provisions	154.1	142.0	296.1
Revaluation reserve of subsidiaries sold	10.8	39.8	50.6
Recognised in the income statement at transaction date	**10.8**	**39.8**	**50.6**

Delta Lloyd Vastgoed Kantoren BV

In 2015, Delta Lloyd Vastgoed Kantoren BV was sold. See section 4.1.7.5 ‘Discontinued operations and assets and liabilities held for sale’ for further details.

BeFrank

In 2014, Delta Lloyd Levensverzekering bought the remaining 50% interest in BeFrank from BinckBank. After completing a full purchase price allocation within the 12-month timeframe no changes in the net asset value were made.

4.1.7.5 Discontinued operations and assets and liabilities held for sale

Classification as held for sale is made if the carrying amount will be recovered principally from a sale transaction rather than through continuing use. This is only the case when the sale is highly probable:

- The disposal group or group of assets is available for immediate sale in its present condition;
- Delta Lloyd is committed to a plan to sell these assets and has an active programme to locate a buyer;
- The sale is expected to occur within one year from the date of classification as held for sale.

When a group of assets classified as held for sale represents a major line of business or geographical area the disposal group classifies as discontinued operations. Assets classified as held for sale (including assets of operations which are discontinued) are recorded at the lower of their carrying amount and their fair value, less the expected cost to sell the assets. Delta Lloyd assesses whether the expected sale price is higher than the book value. Any impairment is restricted to the carrying amount of the non-current assets within the scope of IFRS 5 measurement requirements.

The composition of the assets and liabilities classified as held for sale and of discontinued operations at year-end was:

Assets and liabilities relating to assets held for sale

In millions of euros	2015	2014
Delta Lloyd Deutschland	-	5,225.5
Delta Lloyd Bank Belgium	-	6,925.5
Equity securities (private equity)	29.2	-
Total assets held for sale	**29.2**	**12,151.0**
Delta Lloyd Deutschland	-	5,044.3
Delta Lloyd Bank Belgium	-	6,572.5
Total liabilities relating to assets held for sale	**-**	**11,616.8**

The sale of Delta Lloyd Deutschland was finalised on 1 October 2015. On 22 July 2015 the sale of Delta Lloyd Bank Belgium was finalised. See section 4.1.7.4 'Subsidiaries' for the assets and liabilities disposed related to Delta Lloyd Deutschland and Delta Lloyd Bank Belgium.

In the third quarter of 2015, the sales process began for Delta Lloyd Vastgoed Kantoren BV and for properties held by Delta Lloyd Vastgoed Winkels BV and Delta Lloyd Life NV. These sales were finalised in the fourth quarter of 2015. See section 4.1.7.13 'Investment property' for further details.

In the first half of 2015, properties held by Delta Lloyd Dutch Property Fund CV and several equity securities in private equity and hedge funds were classified as held for sale. These sales were finalised in the second half of 2015. See section 4.1.7.13 'Investment property' and section 4.1.7.15 'Debt and equity securities' for further details. At year-end, only one private equity security of the initial portfolio remains classified as held for sale. The sale is expected to be finalised in the first quarter of 2016.

See section 4.1.7.30 'Provision for other liabilities' for information on assets classified as held for sale and the related provisions for onerous contracts.

The tables below show financial assets and liabilities measured at fair value and the total carrying value to maintain the link with the above table of assets and liabilities relating to held for sale.

Financial assets held for sale by measurement method at year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Equity securities	29.2	29.2	-	-	29.2
Total	**29.2**	**29.2**	**-**	**-**	**29.2**

Financial assets held for sale by measurement method at prior year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	-	22.2	-	9.1	13.1
Investment property	553.9	553.9	-	550.0	3.9
Debt securities	2,887.9	2,887.9	2,775.9	112.0	-
Equity securities	74.5	74.5	1.4	73.1	-
Derivatives	5.9	5.9	-	5.9	-
Investments at policyholders' risk	361.7	361.7	361.7	-	-
Loans and receivables at amortised cost	7,279.0	7,780.7	-	7,780.7	-
Receivables and other financial assets	445.2	445.2	298.4	146.9	-
Accrued interest and prepayments	108.5	108.5	16.9	91.6	-
Cash and cash equivalents	337.8	337.8	337.8	-	-
Total	**12,054.3**	**12,578.2**	**3,792.0**	**8,769.2**	**17.0**

Financial liabilities held for sale by measurement method at prior year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Subordinated debt	67.0	78.4	-	78.4	-
Securitised mortgages loan notes designated at amortised cost	15.3	15.3	-	15.3	-
Derivatives	392.9	392.9	-	392.9	-
Other	5,785.6	6,059.5	1,028.7	5,030.7	-
Total	**6,260.8**	**6,546.1**	**1,028.7**	**5,517.3**	**-**

There were no transfers of recurring assets and recurring liabilities between fair value measurement based on published prices (level 1 of the fair value hierarchy) and fair value measurement based on observable market inputs (level 2 of the fair value hierarchy) during the year.

The valuation techniques used to obtain the fair value of assets and liabilities that are held for sale are the same of that of assets and liabilities not held for sale. See section 4.1.7.37 'Fair value of financial assets and liabilities' for a description of the valuation techniques and inputs used in the fair value measurements.

The table below offers additional information on assets for which there are significant unobservable market inputs (level 3 of the fair value hierarchy).

Statement of changes in assets and liabilities held for sale within level 3

In millions of euros	Owner-occupied property	Investment property	Equity securities	Total 2015	Total 2014
At 1 January	13.1	3.9	-	17.0	15.1
Disposals	-13.1	-3.9	-	-17.0	-
Changes in fair value recognised through profit and loss	-	-	-	-	1.9
Transfer to held for sale	-	-	29.2	29.2	-
At 31 December	**-**	**-**	**29.2**	**29.2**	**17.0**

There is no one significant unobservable assumption or combination of assumptions that could be identified and used to perform a reasonably possible sensitivity analysis for the equity security held for sale on 31 December 2015.

4.1.7.6 Details of income

Premiums relating to insurance contracts

General insurance premiums written reflect new and renewed business during the year, and exclude any sales-based taxes. A limited part of the general insurance portfolio (mainly pools, exchange and inward reinsurance) is reported with a delay of one quarter. Unearned premiums are premiums written in a year that are related to periods of risk after the reporting period. Unearned premiums are computed daily, monthly or quarterly on a pro rata basis.

Premiums on life insurance contracts and discretionary participating investment contracts are recognised as income when receivable. For single-premium business, this is the date from when the policy is effective. Premiums on regular-premium contracts and additional contributions are recognised when payments are due. Premiums on unit-linked insurance contracts are recognised when they are received. Premiums are shown gross of commission and before any sales-based taxes and duties. When policies lapse due to non-receipt of premiums, all accrued premium income is debited to premium income from the date when the policies are deemed to have lapsed.

No premium income is recognised in the income statement for investment contracts without discretionary participating features (non-DPF).

Income relating to investment contracts

Investment contract policyholders are charged fees for policy administration, investment management, surrenders and other contract services. These fees are recognised as revenue in the period in which they arise unless they relate to future services, in which case they are deferred and recognised when the service is provided. If there is no contract for investment management services, the upfront fee is recognised as revenue on receipt. However, for investment contracts that are measured at amortised cost, the fee forms part of the amortised cost.

Net investment income

Investment income consists of cash and stock dividends, interest and rental income receivable for the year, fair value changes in investments through profit or loss, impairment charges on available-for-sale investments, impairment charges on loans and receivables at amortised cost and book gains and losses on the sale of investments. Dividends on investments in equity securities are recorded as revenue on the ex-dividend date. Interest income is recognised as it accrues, taking into account the effective interest rate of the investment. It includes interest income as a result of interest rate differentials on forward foreign exchange contracts. Rental income is recognised based on the elapsed rental period.

The realised gain or loss on the disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate. Unrealised gains and losses represent the difference between the carrying value at year-end and the carrying value at the previous year-end or the purchase price during the year, less the reversal of previously recognised unrealised gains and losses on disposals made during the year.

Income from securities lending is settled with the counterparty and recognised in the income statement on a quarterly basis.

Fee and commission income

Fee and commission income consists primarily of management and distribution fees from investment funds, commission revenue from the sale of investment fund shares and intermediary fees. These fees are recognised in the period when the services they relate to are provided. Reinsurance commission receivable and other commission income are recognised on the trade date.

Details of income

In millions of euros	2015	2014
Net premiums earned		
Premiums written Life	2,683.7	2,626.6
Premiums written General	1,354.7	1,336.7
Gross written premiums	4,038.3	3,963.3
Premiums ceded to reinsurers Life	-59.7	-63.5
Premiums ceded to reinsurers General	-102.8	-272.4
Net written premiums	3,875.9	3,627.5
Gross movement in provision for unearned premiums	0.6	59.9
Reinsurers' share of movement in provision for unearned premiums	-0.2	-
Net movement in provision for unearned premiums	0.4	59.8
Total net premiums earned	3,876.3	3,687.3
Net investment income		
Interest income	1,383.2	1,500.1
Net rental income	66.6	77.1
Dividends	90.6	88.4
Movements in the fair value of investments classified as held for trading	-5.1	-1.1
Movements in the fair value of investments classified as other than trading	-578.3	4,442.9
Realised gains and losses on investments classified as available for sale	295.4	274.2
Impairment of investments classified as available for sale	-23.7	-29.1
Reversal of impairment of investments classified as available for sale	0.0	7.3
Result from loans and receivables	7.5	2.2
Impairment of loans and receivables	-27.1	-34.3
Reversal of impairment of loans and receivables	26.2	7.4
Result from derivatives	-647.7	1,436.0
Realised/unrealised other investment income	29.6	11.7
Result from investment property	-19.0	-72.6
Share of profit or loss after tax of associates	82.6	73.4
Total net investment income - own risk	680.9	7,783.5
Interest income	135.4	129.0
Dividends	115.3	111.1
Movements in the fair value of investments classified as other than trading	612.1	1,453.4
Result from derivatives	11.1	-24.1
Total net investment income - at policyholders' risk	873.9	1,669.3
Interest income	52.3	64.8
Dividends	43.9	45.9
Movements in the fair value of investments classified as other than trading	180.6	337.7
Result from derivatives	4.6	-11.4
Total net investment income - third party interest	281.5	437.0
Total net investment income	1,836.4	9,889.9
Fee and commission income		
Fee income from investment contract business	2.2	3.6
Fund management fee income	128.4	105.6
Other fee income	50.0	69.2
Total income from reinsurance premiums	36.5	28.5
Other commission income	81.6	86.2
Total fee and commission income	298.7	293.1
Other income	63.2	6.6
Total income	**6,074.6**	**13,876.9**

Net rental income consists of rental income on investment properties of € 103.4 million (2014: € 116.2 million) and operating expenses including repairs and maintenance on rented property of € 36.8 million (2014: € 39.1 million) of which € 0.8 million related to vacancies (2014: € 2.2 million). Lease agreements are at arm's length. Expected future rental income is disclosed in section 4.1.7.36 'Off-balance sheet positions'.

Movements in the fair value of investments classified as other than trading include € 735.5 million (2014: € 400.2 million) of realised fair value changes for debt securities at own risk and € -1,456.1 million (2014: € 3,901.3 million) of unrealised fair value changes for debt securities at own risk.

Of the reversals of impairment charges during the year totalling € 26.2 million, an amount of € 14.1 million relates to the liquidation of a participation of Delta Lloyd Vastgoed Ontwikkeling BV. The liquidation of this participation resulted in a repayment on a receivable that was fully impaired.

Total results from derivatives (own risk, at policy holders' risk and third party interests) included € -477.0 million (2014: € 1,564.2 million) of unrealised fair value changes and € -154.9 million of realised fair value changes (2014: € -163.6 million).

The change in result from investment property is mainly due to the increase in unrealised fair value gains on investment to € 24.9 million (2014: € -71.7 million).

Gross written premiums of Life in the financial year

In millions of euros	Individual insurance	Group insurance	Individual investment	Group investment	Total
Single premium	361.4	388.1	145.0	96.8	991.4
Annual premium	542.7	1,000.9	50.5	68.6	1,662.8
Reinsurance	21.2	8.3	-	-	29.5
Total	**925.4**	**1,397.3**	**195.5**	**165.5**	**2,683.7**

Gross written premiums of Life in the prior financial year

In millions of euros	Individual insurance	Group insurance	Individual investment	Group investment	Total
Single premium	235.3	502.5	155.5	79.1	972.4
Annual premium	552.2	953.6	49.6	65.9	1,621.3
Reinsurance	23.9	9.1	-	-	33.0
Total	**811.5**	**1,465.2**	**205.1**	**145.0**	**2,626.6**

Interest income in the financial year - own risk

In millions of euros	2015	2014
Debt securities available for sale	37.9	73.3
Debt securities other than trading	658.0	705.5
Total debt securities	695.9	778.8
Total mortgages	624.0	690.9
Deposits	1.7	3.6
Issued loans	111.0	89.9
Loans to banks	-0.6	1.3
Loans and advances to clients	36.9	64.2
Cash and cash equivalents	6.8	6.8
Other	-92.5	-135.2
Other interest income	63.3	30.5
Total interest income	**1,383.2**	**1,500.1**

Other mainly consists of the result on interest rate swaps € -12.6 million (2014: € -98.1 million) and amortisation of hedged items € -60.3 million (2014: € -20.7 million).

Movements in fair value of derivatives held for fair value hedge accounting

In millions of euros	2015	2014
Movement in fair value of the hedging instrument	10.7	-151.2
Movement in fair value of the hedged positions	-24.8	174.6
Amortisation of the fair value of the hedged positions	-60.3	-20.7
Movements in fair value of derivatives held for fair value hedge accounting	**-74.4**	**2.7**

Movements in the fair value of the hedging instrument and movements in the fair value of the hedged positions are included in result from derivatives. Amortisation of the fair value of the hedged positions is included in other interest income.

4.1.7.7 Details of expenses

Expenses are recognised in the period in which the services or goods were provided and to which the payment relates.

Claims and benefits

General insurance claims incurred include all losses occurring during the year, whether reported or not, related handling costs for claims, reduced for the value of salvage and subrogation, and adjustments to claims outstanding from previous years. Claims-handling costs relate to internal costs incurred in connection with the settlement of claims. Internal claims-handling costs include the direct expenses of the claims department and allocated general expenses.

Life insurance benefits reflect the cost of all claims arising during the year, including handling costs and bonuses accrued.

Expenses for investment contracts

Expenses for investment contracts without discretionary participating features are recognised insofar as payments or recalculated obligations exceed the carrying value of the obligations.

Fee and commission expense

Other fee expenses represent any uncapitalised commission expense paid during the reporting period to agents, advisors, brokers and dealers (e.g. renewal commission).

Details of expenses in the financial year

In millions of euros	2015	2014
Claims and benefits paid		
Life	3,065.9	3,121.1
General	970.1	982.9
Total claims and benefits paid*	4,036.1	4,104.0
Life	-71.8	-71.4
General	-86.2	-87.5
Total claim recoveries from reinsurers	-158.0	-158.8
Net claims and benefits paid*	3,878.0	3,945.1
Change in insurance liabilities, net of reinsurance		
Change in insurance liabilities	-297.9	7,078.7
Change in reinsurance assets for insurance	84.0	-104.2
Total change in insurance liabilities, net of reinsurance	-213.8	6,974.5
Charge to financial liability on behalf of third party interest in consolidated investment funds	487.3	660.6
Expenses relating to the acquisition of insurance, investment and other contracts	621.4	618.8
Finance costs		
Interest on other financial liabilities	18.8	28.9
Interest on savings and (demand) deposits	88.4	127.1
Interest on issued bond loans	93.2	107.4
Interest on subordinated debt	64.4	106.3
Interest on securitised mortgage loan notes	41.9	50.7
Pension interest cost	55.7	73.3
Total finance costs	362.5	493.7
Other operating expenses		
Staff costs and other employee-related expenditures	539.6	508.9
Amortisation of intangible fixed assets	14.7	13.9
Depreciation on property and equipment	7.4	9.0
Operating expenses	428.6	399.6
Gains and losses on disposals	-0.7	0.1
Impairment of goodwill	21.2	-
Impairment of other intangible assets	1.1	2.6
Impairment of property and equipment	3.6	6.1
Impairment of receivables	7.9	7.0
Reversal of impairment of receivables	-6.5	-6.2
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-228.2	-225.1
Total other operating expenses	788.8	716.0
Total expenses	**5,924.2**	**13,408.7**

*Total claims and benefits paid includes profit sharing and discounts.

Of the total finance costs, € 343.7 million (2014: € 472.9 million) relates to liabilities measured at amortised cost and € 18.8 million (2014: € 20.8 million) to securitised mortgage loan notes measured at fair value.

Operational lease charges, included in operating expenses, were lower at € 18.3 million (2014: € 20.2 million). No contingent rents or sublease payments are included in this amount.

4.1.7.8 Employee information

Staff costs are recognised for the period in which the employees provide the services that relate to the payments. The accounting policy for pensions is included in section 4.1.7.29 'Pension obligations' and that for share-based payments (profit sharing and incentive plans) is incorporated further on in this section.

Average number of employees (FTEs) during the year

Number in FTEs	2015	2014
Permanent staff	4,620.4	5,090.9
Temporary staff	587.4	567.0
Total	**5,207.8**	**5,657.9**

Average number of employees includes Delta Lloyd Deutschland 183.0 FTE (2014: 188.3 FTE) until the end of September and Delta Lloyd Bank Belgium 511.3 FTE (2014: 529.1 FTE) until the end of June. Therefore, the average number of employees decreased by 45.8 FTE due to the sale of Delta Lloyd Deutschland and 255.7 FTE due to the sale of Delta Lloyd Bank Belgium. The remaining part of the decrease in average number of employees is the result of a cost-saving programme.

Staff costs in the financial year

In millions of euros	2015	2014
Salaries	259.9	277.2
External staff	83.3	79.3
Social security contributions	43.2	52.5
Pension expenses*	73.0	28.8
Profit sharing and incentive plans	4.1	8.7
Termination benefits	18.6	5.1
Other staff costs	57.6	57.3
Total	**539.6**	**508.9**

* See section 4.1.7.29 'Pension Obligations'.

Staff costs charged to:

In millions of euros	2015	2014
Expenses relating to the acquisition of insurance and investment contracts	71.0	76.0
Claims-handling expenses	24.4	25.4
Other operating expenses	444.2	407.5
Total	**539.6**	**508.9**

Pension expenses are € 44.2 million higher than last year mainly due to past service costs (gain) in 2014 of € 28.9 million related to the retrenchment of the pension plan and due to the lower discount rate at the beginning of 2015 compared to the beginning of 2014.

Other staff costs include € 37.8 million for travel expenses, holiday allowances and training costs (2014: € 40.7 million).

Share-based and performance-related incentive plans

Delta Lloyd has three share-based and performance related incentive plans, one of which is equity-settled (Variable Incentive Plan for identified staff) and two are cash-settled (Delta Lloyd Phantom Option Plan and Variable Incentive Plan for other managers).

Equity-settled plan

For the equity-settled plan the overall expense is calculated on the grant date of the conditional shares as the fair value of a conditional share, multiplied by the estimated number of conditional shares that will vest, based on expectations regarding performance criteria that are not related to market conditions, and the continuation of employment ('vesting conditions'). In determining the fair value, account is taken of the market conditions applicable to the performance criteria related to total shareholder return. The fair value does not change during the period up to vesting. See the general section below for the fair value calculation method. The overall expense is allocated on a straight-line basis over the vesting period (four years), based on the employee services rendered, taking into account the estimated number of conditional shares that can vest under the applicable vesting conditions on each reporting date. The expense is recognised in staff costs with 'equity compensation plan' in equity as the contra-account. On vesting the difference between the 'equity compensation plan' in equity and the actual costs is transferred to retained earnings.

Cash-settled plans

For the cash-settled plans Delta Lloyd determines the fair value on each grant, reporting and settlement date. All changes are immediately recognised in the income statement with a related adjustment to the ‘equity compensation plan’ provision. The fair value of the phantom options granted is measured using a binomial tree model, taking account of the terms and conditions under which they were granted, including a cap on the actual payment. See the general section below for the fair value calculation method for the Variable Incentive Plan.

General

The fair value of the grants under the variable incentive plans is measured using a Black-Scholes model and Monte Carlo simulation models that incorporate all the specific characteristics of the plans. Expected dividends are applied in accordance with the dividend policy of Delta Lloyd. Volatility is based on historic data of the Delta Lloyd share price.

The vesting of grants is subject to set performance criteria and continued employment at Delta Lloyd on the vesting date. If employment is terminated, the grants lapse immediately, except in a situation where the employee leaves as a result of early retirement, disability, death or because the entity for which the employee works is no longer part of Delta Lloyd. In this last case, the grants vest immediately and become exercisable for a period of one year, after which they lapse.

There is an ex-post risk adjustment for each deferred payout when the performance is reassessed against the original targets. There is also a clawback clause under which any variable remuneration may be recovered during a five-year period after the vesting date, if an employee has acted unethically and/or in conflict with Delta Lloyd’s policy.

The share-based and performance-related incentive plans are presented including discontinued operations.

An amount of € 0.2 million for share-based and performance-related incentive plans as described below was charged to the income statement under profit sharing and incentive plans (2014: € 3.9 million), and an amount of € 4.0 million for other profit sharing and incentives was charged to the income statement (2014: € 5.1 million).

Profit sharing and incentive plans

In millions of euros	2015	2014
Equity-settled share-based payment transactions		
Variable Incentive Plan for identified staff	2.6	4.0
Total	2.6	4.0
Cash-settled share based payment transactions		
Phantom option plan	-2.2	-2.2
Variable Incentive Plan for other managers	-0.2	1.8
Variable Incentive Plan for identified staff and other managers for the cash settlement that is based on the Delta Lloyd NV share price development	-	0.5
Total	-2.4	-
Cash-settled performance-related incentive plan		
Variable Incentive Plan for identified staff and other managers for the cash settlement that is not based on the Delta Lloyd NV share price development	-	-0.1
Total share-based and performance-related incentive plans	0.2	3.9
Other profit sharing and incentives	4.0	5.1
Transfer to result after tax from discontinued operations	-0.1	-0.2
Total profit sharing and incentive plans	**4.1**	**8.7**

Delta Lloyd Phantom Option Plan (to 3 November 2009)

The final grants under the 2006 Phantom Option Plan were made in 2009. According to this plan, on 1 January of each year, conditional phantom options were granted to members of the Executive Board and to certain members of the senior management. No initial payment was required. A phantom option entitles the holder to receive in cash the increase in value of a 'performance unit' measured from the grant date until the date of exercise. The options vest after three years (performance period) and are exercisable until five years after the vesting date. As a result of the public offering on 3 November 2009, the Supervisory Board revised the terms and conditions of the plan. Existing performance criteria attached to the outstanding options were dropped and the vesting percentage of the outstanding options granted in 2007, 2008 and 2009 was fixed at 75%. The other terms and conditions attached to the options remained in place.

The fair value is calculated using individual caps, forfeitures and the following:

Parameters for phantom options current year

	2009 options
Outstanding number at year-end	489,205
Date of grant	01-Jan-2009
Vesting date	01-Jan-2012
Expiry date	31-Dec-2016
Share price volatility	52%
Exercise price (euros)	13.63
Dividend yield	4.66%
Risk-free interest rate	-0.41%
Remaining term (years)	1

Parameters for phantom options prior year

	2008 options	2009 options
Outstanding number at year-end	1,449,729	522,921
Date of grant	01-Jan-2008	01-Jan-2009
Vesting date	01-Jan-2011	01-Jan-2012
Expiry date	31-Dec-2015	31-Dec-2016
Share price volatility	22.00%	24.00%
Exercise price (euros)	22.10	13.63
Dividend yield	5.51%	5.51%
Risk-free interest rate	-0.09%	-0.12%
Remaining term (years)	1	2

The release to the income statement was € 2.2 million (2014: release of € 2.2 million). The movements in the number of options granted were as follows:

Statement of changes in phantom options granted

In numbers of options	2015	2014
Outstanding at 1 January	1,972,650	4,183,530
Granted	-	-
Exercised during the year	-33,716	-480,673
Expired	-1,449,729	-1,552,669
Forfeiture by termination of employment during the year	-	-177,538
Outstanding at 31 December	**489,205**	**1,972,650**

All phantom options that were granted and have vested are unconditional. The phantom options 2009 were exercised from 12 February 2015 to 15 April 2015 at a weighted average share price of € 17.44. During 2015, no other phantom options were exercised.

The total intrinsic value of options granted is nil at 31 December 2015 (2014: € 2.4 million); the Delta Lloyd NV share price of € 5.45 on 31 December 2015 (2014: € 18.19) was below the exercise prices of the options granted in 2009.

Variable Incentive Plan for identified staff (VIP-is, from 1 January 2011)

The VIP-is is a plan for Executive Board members, directors and managers in control functions and functions affecting the risk profile. Their grant until 31 December 2012 is conditional and paid 50% in cash and 50% in shares. Their grant from 1 January 2013 onward is conditional and fully paid in shares. The conditional shares confer the right to a distribution of Delta Lloyd NV shares and may become unconditional after the respective vesting dates, depending on the achievement of set performance criteria and continued employment at Delta Lloyd.

Identified staff other than Executive Board members have a holding period of two years after the shares become unconditional. The holding period for Executive Board members is between two and four years depending on the vesting date.

The table below provides further information on shares granted conditionally and the parameters applied to determine their fair value.

Parameters for conditional shares (VIP-is)

	shares granted 2015	shares granted 2014	shares granted 2013	shares granted 2012
Valuation date (grant date)	01-Jan-2015	20-Mar-2014	01-Jan-2013	22-Feb-2012
Start vesting period	01-Jan-2015	01-Jan-2014	01-Jan-2013	01-Jan-2012
First determination date	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012
Vesting date first tranche	01-Jan-2016	01-Jan-2015	01-Jan-2014	01-Jan-2013
Vesting date second tranche	01-Jan-2017	01-Jan-2016	01-Jan-2015	01-Jan-2014
Vesting date third tranche	01-Jan-2018	01-Jan-2017	01-Jan-2016	01-Jan-2015
Vesting date fourth tranche	01-Jan-2019	01-Jan-2018	01-Jan-2017	01-Jan-2016
Share price volatility	22-34%	24-37%	36-44%	38-53%
Share price at initial grant date (euros)	17.54	20.01	13.41	14.53
Dividend yield	5.63%	5.41%	7.40%	6.66%
Risk-free rate	-0.15 - -0.25%	0.15-0.60%	-0.03 - 0.42%	0.18 - 1.10%

The charge for 2015 was € 2.6 million (2014: € 4.0 million). This accounts for the forfeiture of conditional shares and 100% vesting (the maximum is 150%) of grants made, except for 2012. In 2012, the vesting was adjusted to 50% due to the discretionary decision of the Supervisory Board and the Executive Board to make downward adjustments based on the rules of the variable incentive plan.

Statement of changes in conditional shares (VIP-is)

In numbers of shares	2015	2014
Outstanding at 1 January	569,429	582,097
Granted	234,252	301,159
Exercised	-240,870	-246,844
Forfeiture by termination of employment during the year	-19,343	-46,018
Forfeiture by performance criteria during the year	-75,910	-20,965
Outstanding at 31 December	**467,558**	**569,429**

All conditional shares were fully unvested on 31 December 2015 and 31 December 2014.

Variable Incentive Plan for other managers (VIP-om, from 1 January 2011)

The VIP-om is a plan for other managers who are not identified staff. Their grant until 31 December 2012 is paid 50% in cash and 50% in conditional phantom shares. From 1 January 2013 onwards their grant is fully paid in conditional phantom shares. The conditional phantom shares confer the right to a distribution in cash. There is no right to dividend phantom shares while the phantom shares have not yet vested and the payout is 50% after the remuneration year and 50% is paid in equal instalments in the three subsequent years. This payout depends on achieving set performance criteria and continued employment at Delta Lloyd.

The table below provides further information on the phantom shares and the parameters used to determine the fair value on 31 December 2015, based on the closing price of Delta Lloyd NV shares of € 5.45 (2014: € 18.19).

Parameters for phantom shares (VIP-om) current year

	2015 shares	2014 shares	2013 shares	2012 shares
Grant date	01- Jan-2015	20- Mar-2014	01- Jan-2013	22- Feb-2012
Start of vesting period	01- Jan-2015	01- Jan-2014	01- Jan-2013	01- Jan-2012
First determination date	31- Dec-2015	31- Dec-2014	31- Dec-2013	31- Dec-2012
Vesting date first tranche	01- Jan-2016	01- Jan-2015	01- Jan-2014	01- Jan-2013
Vesting date second tranche	01- Jan-2017	01- Jan-2016	01- Jan-2015	01- Jan-2014
Vesting date third tranche	01- Jan-2018	01- Jan-2017	01- Jan-2016	01- Jan-2015
Vesting date fourth tranche	01- Jan-2019	01- Jan-2018	01- Jan-2017	01- Jan-2016
Share price volatility	0-52%	0-53%	0-52%	0%
Dividend yield	4.66%	4.66%	4.66%	4.66%
Risk-free rate	-0.41-0%	-0.38-0%	-0.41-0%	0%

Parameters for phantom shares (VIP-om) previous year

	2014 shares	2013 shares	2012 shares
Grant date	20- Mar-2014	01- Jan-2013	22- Feb-2012
Start of vesting period	01- Jan-2014	01- Jan-2013	01- Jan-2012
First determination date	31- Dec-2014	31- Dec-2013	31- Dec-2012
Vesting date first tranche	01- Jan-2015	01- Jan-2014	01- Jan-2013
Vesting date second tranche	01- Jan-2016	01- Jan-2015	01- Jan-2014
Vesting date third tranche	01- Jan-2017	01- Jan-2016	01- Jan-2015
Vesting date fourth tranche	01- Jan-2018	01- Jan-2017	01- Jan-2016
Share price volatility	0-29%	0-24%	0-22%
Dividend yield	5.51%	5.51%	5.51%
Risk-free rate	-0.12-0%	-0.12-0%	-0.09-0%

The release in 2015 was € 0.2 million (2014: charge of € 1.8 million). This accounts for the forfeiture of conditional shares and 100% (the maximum is 150%) vesting of grants made, except for 2012. In 2012, the vesting was adjusted to 50% due to the discretionary decision of the Supervisory Board and the Executive Board to make downward adjustments based on the rules in the variable incentive plan.

The movements in the number of phantom shares granted are set out below.

Statement of changes in conditional phantom shares (VIP-om)

In numbers of shares	2015	2014
Outstanding at 1 January	207,021	218,372
Granted	92,467	109,237
Exercised	-89,416	-98,147
Forfeiture by termination of employment during the year	-3,581	-12,260
Forfeiture by performance criteria during the year	-22,670	-10,181
Outstanding at 31 December	**183,821**	**207,021**

All conditional phantom shares were fully unvested on 31 December 2015 and 31 December 2014.

4.1.7.9 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Delta Lloyd's share of net assets, including the contingent and other liabilities, of the acquired subsidiary on the date of acquisition. The carrying amount of goodwill for each cash-generating unit, or combination of cash generating units, is reviewed annually, or more frequently when circumstances or events indicate a possible impairment. Goodwill is impaired to the recoverable amount if the recoverable amount is lower than the carrying value. The impairment is charged as an expense to the income statement (other operating expenses).

Impairment of goodwill regarding life insurance activities

The minimum recoverable amount related to life insurance activities is determined by the embedded value (EV) of the activities concerned. The embedded value is calculated using estimates of future distributable profits arising from the existing portfolio of an insurance company. The embedded value provides a prudent estimate of the value in use (VIU), as it does not include the value of future new business. Whether goodwill is impaired, is verified as follows:

- There is no impairment if the carrying value (net assets including attributable goodwill) is lower than the embedded value;
- It is possible that impairment of goodwill must be recognised if the carrying value (net assets including attributable goodwill) is higher than the embedded value. In this case, a decision must be made as to whether asset spread contracts make up a significant portion of the life insurance activities. Asset spread contracts are insurance contracts where the margin for the insurer comprises the difference between the return made on the underlying investments and the return paid to policyholders;
- If asset spread products do not make up a significant portion of the life insurance activities, appraisal value is used to determine the recoverable amount. Appraisal value is an actuarial value comparable to fair value and determined as the sum of two components: (i) the embedded value of the existing portfolio of life insurance activities and (ii) the present value of various annual tranches of future new business. The value of new business in one year is determined on EV principles that discount expected future distributable profits. The present value of various annual tranches of expected future new business is generally calculated by taking the value of new business in one year and extrapolating it into the future, taking into account recent growth and volatility of new business, expected future growth and profitability of new business, the types of distribution channel and degree of control over them and recent estimates by analysts and industry benchmarks.

If asset spread products make up a significant portion of the life insurance activities, the value attributed to these must be explicitly included in an appraisal value calculation.

The key assumptions for calculating embedded value are the use of the Solvency II (SII) interest rate structure, including a volatility adjustment for new and in-force business of 22 basis points and an UFR of 4.2%. Also no growth expectations were used for in-force business and tax rates of 25% in the Netherlands and 34% in Belgium. In 2014 the SII interest rate structure was also used but for new business a liquidity premium of 34 basis points was applied, a volatility adjustment for in-force business of 21 basis points and an UFR of 4.2%.

Calculating the recoverable amount for ABN AMRO Verzekeringen takes into account the duration of the contract with ABN AMRO Bank.

Impairment of goodwill regarding general insurance and other operating activities

The recoverable amount relating to general insurance and other operating activities is defined as the higher of the VIU and fair value less costs to sell. The discounted cash flow method is used to establish the VIU and fair value less costs to sell. This uses net-of-tax forecasts of cash inflows and cash outflows incurred to generate the cash inflows. Factors at the basis of the expected future cash flows include historical growth, agreed business plans for the activities, expected working and fixed capital requirements and historical and expected levels of operating profits. In addition, the asset's ability to generate cash flows beyond the explicit forecast period is included by establishing a terminal value. The future cash flows and the terminal value are then discounted using a risk-adjusted discount rate (often the weighted average cost of capital or the cost of equity), which accurately reflects the inherent risk of the asset. To avoid double counting, risks that have already been taken into account in determining the cash flows are not included in the discount rate.

The key assumptions used to calculate the recoverable amount of goodwill are:

- Expected cash flows for future periods based on plan figures for a period of three years, similar to the plan period of the cash-generating entity;
- For the years after management's plan period, cash flows are extrapolated using an average growth rate ranging between 1.70% and 1.94% (2014: between 1.31% - 1.44%) depending on the specific circumstances of the activities; and
- Depending on the activities being valued, the risk adjusted discount rate is 9.6% to 11.0% (2014: 9.0% - 11.2%).

The expected cash flows for future periods are based on the figures for the 2016-2018 plan period. The expected cash flows beyond the plan period are extrapolated based on a growth rate that takes into account analysts' estimates of the increase in gross national product and inflation.

Statement of changes in carrying value of goodwill

In millions of euros	2015	2014
Gross carrying value of goodwill		
At 1 January	352.2	345.2
Addition	-	7.0
At 31 December	352.2	352.2
Accumulated impairment		
At 1 January	-61.7	-61.7
Impairment losses	-21.2	-
At 31 December	-83.0	-61.7
Net carrying value of goodwill at 31 December	**269.2**	**290.4**

Goodwill allocation and impairment testing

For impairment testing purposes, goodwill is allocated to cash-generating units by division and operating segment.

Goodwill allocated to cash-generating units

In millions of euros	Delta Lloyd ABN AMRO Verzekeringen Holding BV	Swiss Life NV	Cyrte Investments BV	Other	Total
Carrying value at 31 December 2015	127.3	131.9	-	10.0	269.2
Carrying value at 31 December 2014	127.3	131.9	21.2	10.0	290.4

The impairment test for ABN AMRO Verzekeringen established a surplus value of € 40.9 million (2014: € 50.0 million). The sensitivity to the market interest rate (the most important key variable in the market value calculation) at year-end 2015 is based on available capital sensitivities on the economic balance sheet. A rise of 25 basis points in market interest rates would lead to a fall of € 5.1 million in available capital on the economic balance sheet (€ 2.6 million based on a 51% interest in ABN AMRO Verzekeringen). A fall of 25 basis points in market interest rates would lead to a rise of € 5.3 million in available capital (€ 2.7 million based on a 51% interest in ABN AMRO Verzekeringen).

For Swiss Life Belgium the impairment test established a surplus value of € 123.7 million (2014: € 259.0 million). The sensitivity to the market interest rate (the most important key variable in the market value calculation) at year-end 2015 is based on available capital sensitivities on the economic balance sheet. A 25 basis points rise in market interest rates would lead to an increase of € 1.9 million in available capital on the economic balance sheet. A 25 basis points fall in market interest rates would decrease the available capital by € 1.3 million.

The impairment test that was performed for Cyrte Investments resulted in an impairment of the full goodwill amount in 2015. The main reason is a decrease in expected future inflow of new money and the distribution from the Cyrte funds during 2015 resulting in an overall lower assets under management base for Cyrte Investments. Assets under management is the main driver for the management fees to be earned.

The category Other mainly consists of goodwill related to the acquisition of BeFrank.

4.1.7.10 AVIF and other intangible assets

Acquired value of in-force business (AVIF)

The present value of future profits on a portfolio of insurance and investment contracts acquired, either directly or through the purchase of a subsidiary, is recognised as an intangible asset. The amortisation on AVIF follows the development of the portfolio to which it is linked. The amortisation charge is part of other operating expenses. The estimated values are adjusted if they differ from earlier estimates. The carrying amount of AVIF is reviewed annually for impairment by including it in the liability adequacy test. Any impairment is charged to the income statement.

Other intangible assets

Other intangible assets include software, customer relationships and distribution channels recognised in relation to an acquisition. An acquisition is initially recognised at fair value (cost price). In subsequent periods, acquisitions are accounted for at cost net of amortisation and impairment. Amortisation and impairment are charged to the income statement. Purchased and proprietary internally developed software are amortised using a straight-line method over their useful lives, up to a maximum of three years. The amortisation charge is included in the income statement under 'Other operating expenses'.

Customer relationships and access to distribution channels, when acquired in a business combination, are capitalised when the definition of an intangible asset is met and when fair value can be measured reliably. Upon the acquisition of ABN AMRO Verzekeringen, the access obtained to the ABN AMRO distribution channel was separately identified as an intangible asset and is being amortised over 30 years. This represents the duration of the agreement with ABN AMRO Bank.

Amortisation periods for other intangible assets are reviewed once a year. The estimated values are adjusted if they differ from previous estimates. Circumstances can also lead to impairments.

Impairment of other non-financial assets

An impairment loss is accounted for in other non-financial assets for the amount by which the carrying amount of the asset exceeds its recoverable amount, whichever is the higher between the asset's net realisable value and its value in use. The net realisable value is the fair value less selling expenses. The value in use is the discounted value of the expected future cash flows generated by the asset in question. Assessing whether there is an impairment is done either at the level of the separate asset or at that of the smallest identifiable cash flow-generating entity.

Carrying value of AVIF and other intangible assets at year-end

In millions of euros	AVIF	Software	Other	Total 2015
Cost	74.5	33.2	179.3	287.1
Cumulative amortisation	-67.0	-28.3	-100.8	-196.2
Cumulative impairment	-	-	-	-
Carrying value	**7.4**	**4.9**	**78.5**	**90.9**

Carrying value of AVIF and other intangible assets at prior year-end

In millions of euros	AVIF	Software	Other	Total 2014
Cost	74.5	77.1	182.3	333.9
Cumulative amortisation	-63.3	-65.0	-96.0	-224.3
Cumulative impairment	-	-5.4	-	-5.4
Carrying value	**11.2**	**6.7**	**86.2**	**104.2**

The AVIF (acquired value of in-force) refers to the acquired portfolio value of ABN AMRO Verzekeringen of € 7.4 million (2014: € 11.2 million). AVIF is amortised on a straight-line basis. The remaining amortisation period for the AVIF portfolio at the end of 2015 is two years.

The other intangibles mainly consist of the distribution channel acquired as part of the takeover of ABN AMRO Verzekeringen, the carrying value at 31 December 2015 amounts € 57.2 million (2014: € 60.6 million). This item will be amortised over the next seventeen years.

The decrease in software (as part of other intangibles) relates to the internal software amortisation. A part of the internally developed software reached the end of its useful live and was fully amortised.

4.1.7.11 Deferred acquisition costs

Acquisition costs comprise fixed and variable costs arising from writing insurance contracts. Acquisition costs relating to life insurance contracts and investment contracts are amortised systematically over a term no longer than the period expected to recover them from future margins, subject to a maximum of 10 years. Acquisition costs relating to general insurance contracts are amortised over the term in which premiums are earned. Deferred acquisition costs are reviewed by business segment at the end of each reporting period. They are impaired if they are no longer considered recoverable.

Deferred acquisition costs at year-end

In millions of euros	Life	General	Total 2015	Life	General	Total 2014
Participating insurance contracts	23.4	-	23.4	24.2	-	24.2
Non-participating insurance contracts	31.2	38.3	69.5	37.4	37.6	75.0
Investment contracts	17.0	-	17.0	17.8	-	17.8
Total deferred acquisition costs	**71.6**	**38.3**	**109.9**	**79.4**	**37.6**	**117.0**

4.1.7.12 Property and equipment

Owner-occupied properties (including those under construction) and equipment are carried at historical cost less accumulated depreciation and impairment. Depreciation and impairment are accounted for through profit or loss. The historical cost of assets that take a long time to develop, and owner-occupied properties in particular, also include capitalised borrowing costs.

Depreciation of property and equipment to their residual values is calculated on a straight-line basis over their estimated useful lives: land and properties under construction (own use) no depreciation, properties 40 years and computer equipment and furniture/fixtures respectively four and five years. The useful life and residual value are reviewed once a year. If the estimated values deviate from previous estimates, adjustments are made.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the impairment is taken to the income statement. Gains and losses on the disposals of property and equipment, representing the difference between the sales price and the carrying value, are taken to the income statement in the period in which the property or equipment is sold.

Repairs and maintenance are charged to the income statement in the financial period to which they relate. The cost of major renovations is included in the carrying amount of the asset when it is probable that additional future economic benefits from the existing asset will flow to Delta Lloyd. Major renovations are depreciated over the remaining useful life of the asset concerned.

Carrying value of property and equipment at year-end

In millions of euros	Owner-occupied property	Computer and other equipment	Total 2015	Owner-occupied property	Computer and other equipment	Total 2014
Cost	45.4	126.0	171.3	149.6	118.6	268.2
Cumulative depreciation	-11.4	-101.8	-113.2	-40.1	-97.4	-137.4
Cumulative impairments	-	-3.0	-3.0	-25.6	-3.0	-28.6
Carrying value	**33.9**	**21.2**	**55.1**	**84.0**	**18.2**	**102.2**

The decrease in owner-occupied property is mainly due to the sale of the owner occupied property included in the office investment portfolio (the Mondriaantoren in Amsterdam and the office building in Arnhem). See section 4.1.7.13 'Investment Property' for more details on the sale.

Delta Lloyd has no material financial leases for property and equipment, nor has it leased property and equipment to third parties under operating leases. There are no restrictions on ownership and no property and equipment has been pledged as security for liabilities.

There was no property under construction. As such no related borrowing costs were capitalised in the reporting period.

The fair value of property and equipment is included in section 4.1.7.37 'Fair value of assets and liabilities'. The fair value of computer and other equipment is not materially different from the carrying value.

4.1.7.13 Investment property

Investment property (including property under construction) is held for long-term rental yields and is not occupied by Delta Lloyd. Investment property (including property under construction) is measured at fair value, which is supported by market evidence, as assessed by qualified external appraisers. Changes in fair value are recognised in the income statement within net investment income. Borrowing costs on investment property under construction are capitalised until completion.

Statement of changes in investment property at year-end

In millions of euros	Investment property under construction	Investment property - freeholds	Investment property - long-term leaseholds	Investment property - short-term leaseholds	Total
At 1 January 2015	**32.1**	**1,401.9**	**49.0**	**42.6**	**1,525.6**
Additions	31.0	48.0	0.2	0.1	79.4
Disposals of subsidiaries	-	-151.8	-20.1	-0.7	-172.7
Disposals	-25.4	-377.6	-3.8	-0.3	-407.1
Transfers from/(to) owner-occupied property	-1.3	3.4	-	-	2.1
Fair value gains and losses	-0.9	22.5	0.6	2.7	24.9
At 31 December 2015	**35.4**	**946.4**	**26.0**	**44.4**	**1,052.2**
Cumulatives					
Cost	47.1	583.2	28.6	45.0	703.9
Revaluation	-11.7	363.2	-2.6	-0.6	348.3
Carrying value at 31 December 2015	**35.4**	**946.4**	**26.0**	**44.4**	**1,052.2**

Statement of changes in investment property at prior year-end

In millions of euros	Investment property under construction	Investment property - freeholds	Investment property - long-term leaseholds	Investment property - short-term leaseholds	Total
At 1 January 2014	**64.5**	**2,023.4**	**50.7**	**42.6**	**2,181.2**
Additions	0.4	76.6	0.1	0.2	77.3
Disposals	-32.2	-72.6	-0.3	-	-105.0
Transfers from owner-occupied property	-	1.9	-	-	1.9
Fair value gains and losses	-0.6	-77.5	-1.5	-0.2	-79.8
Transfer to assets held for sale	-	-550.0	-	-	-550.0
At 31 December 2014	**32.1**	**1,401.9**	**49.0**	**42.6**	**1,525.6**
Cumulatives					
Cost	41.3	1,101.7	91.6	49.9	1,284.5
Revaluation	-9.2	300.1	-42.6	-7.3	241.1
Carrying value at 31 December 2014	**32.1**	**1,401.9**	**49.0**	**42.6**	**1,525.6**

Additions to Investment property under construction in 2015 relate to the purchase of land and refurbishment.

In 2015 Delta Lloyd divested its entire commercial property portfolio. Disposals of subsidiaries relates to the sale of the office investment portfolio on 30 November, which resulted in a gain of € 8.1 million. Disposals mainly relate to the sale of the retail investment portfolio on 23 December 2015, which resulted in a loss of € 28.7 million (compared to half-year 2015).

Investment properties are assessed every half year by qualified external appraisers based on desktop appraisals and a full appraisal is carried out every three years. All investment properties had a full external appraisal at the end of 2015. Each appraisal is also checked by a second appraiser. There is a fixed fee for desktop appraisals and the fee for a full appraisal is a fixed percentage of the rental value. The appraisals are performed in compliance with international valuation standards published by the International Valuation Standards Committee and/or the regulations and standards in the RICS valuation standards prescribed by the Royal Institution of Chartered Surveyors.

The appraisers use the capitalised rental method, supported by the discounted cash flow method, to determine the market values. The table below shows the discount rates used for the three main groups.

Discount rate used

Main group	2015	2014
Residential	6.15% to 9.0%	5.3% to 8.35%
Retail	6.9% to 8.5%	7.0% to 7.5%
Offices	6.2% to 15.0%	6.5% to 14.0%

It has become more difficult to establish market values of Dutch retail and offices due to a lack of a sufficient number of comparable sales transactions. This implies that the degree of uncertainty in the appraisals is greater than usual. The appraisal values reflect the volatility of today's market.

The investment properties are appraised using:

- Current leases, which form the basis of the appraisal;

- A gross initial yield, which is the percentage relationship between annual rental income at year-end and the fair value of the property excluding costs;
- A best estimate of the costs of future renovations and maintenance; and
- At the end of a lease contract, realistic estimates are made of the probability of vacancy, the potential impact of future rent discounts (lease incentives) and re-letting expectations. These estimates reflect the current situation in the property market.

In the reporting period no borrowing costs were capitalised (2014: nil).

See section 4.1.7.1 'Risk management' for the breakdown of the own risk property portfolio in residential, retail and offices.

4.1.7.14 Associates

Associates

Associates are entities over which Delta Lloyd has significant influence, but which it does not control. It is generally presumed that Delta Lloyd has significant influence when it has between 20% and 50% of the voting rights.

Investments in associates are accounted for based on the equity method of accounting. The equity method of accounting is discontinued when Delta Lloyd no longer has significant influence over the investment or when it obtains control, in which case the entity is consolidated.

When Delta Lloyd's share of losses in an associate equals or exceeds its interest in the associate, Delta Lloyd does not recognise further losses unless it has incurred obligations or made payments on behalf of the entity.

Joint venture

Joint ventures are entities over which Delta Lloyd has joint control. This control is contractually agreed and strategic decisions on financial and operational policies are taken unanimously. Joint ventures are accounted for based on the equity method, starting on the date Delta Lloyd gains joint control until the date on which it ceases to have such control. Currently Delta Lloyd has no joint ventures.

Statement of changes in associates at year-end

In millions of euros	2015	2014
Carrying value at 1 January	338.3	296.9
Change in ownership	-	-1.6
Disposals	-13.0	-
Capital injection	-	8.9
Capital withdrawal	-63.0	-162.0
Share of result after tax	82.6	73.4
Dividends received	-26.6	-
Fair value changes in equity	-39.5	-82.4
Transfer from equity securities	-	215.8
Transfer to investment in subsidiaries	-	-8.5
Other movements	0.2	-2.2
Carrying value at 31 December	**278.9**	**338.3**

Disposals in 2015 relate to the sale of Dasym IX and the liquidation of VOF Arena Campus. The capital withdrawals in 2015 relate to Project Holland Fonds CV and Dasym V. Dividends were received from Dasym V and Van Lanschot NV.

Delta Lloyd held a 30.2% interest in Van Lanschot NV on 31 December 2015 (2014: 30.2%). The fair value of this interest amounts to € 263.3 million (2014: € 215.8 million).

The tables below represent the financial data for Delta Lloyd's principal associates. The figures are based on the most recent financial information on the associates made available to Delta Lloyd. As such, this financial information is not based on the carrying values (including goodwill) initially recognised by Delta Lloyd as a result of the notional purchase price allocation performed on the date when significant influence commenced. Dasym V is no longer considered a principal associate (carrying amount at year-end 2015: € 0.1 million) after the capital withdrawal and dividend payment.

Summarised statement of financial position of principal associates at year-end

In millions of euros	Van Lanschot*	Project Holland Fonds CV	CF I Invest CV
Current assets	16,195.4	36.4	57.8
Of which is cash and cash equivalent	1,196.1	0.0	1.3
Non-current assets	274.4	-	-
Total assets	16,469.8	36.4	57.8
Current liabilities	11,647.4	3.1	0.1
Non-current liabilities	3,475.5	-	-
Total liabilities	15,123.0	3.1	0.1
Net assets	**1,346.8**	**33.3**	**57.7**

*These figures are determined using the half-year results of Van Lanschot as the full year figures were not available at the reporting date.

Summarised statement of financial position of principal associates at prior year-end

In millions of euros	Van Lanschot	Project Holland Fonds CV	CF I Invest CV	Dasym Investments V BV
Current assets	5,321.9	98.1	114.6	62.2
Of which is cash and cash equivalent	1,157.0	0.1	0.2	-
Non-current assets	11,937.6	0.6	12.0	-
Total assets	17,259.4	98.7	126.6	62.2
Current liabilities	12,642.7	2.6	-	0.1
Non-current liabilities	3,266.2	-	-	-
Total liabilities	15,908.9	2.6	0.1	0.1
Net assets	**1,350.5**	**96.0**	**126.5**	**62.2**

Summarised statement of comprehensive income of principal associates at year-end

In millions of euros	Van Lanschot*	Project Holland Fonds CV	CF I Invest CV
Revenue	276.8	15.2	12.2
Interest income	291.3	-	-
Dividends received	-	-	70.1
Depreciation and amortisation	-8.3	-	-
Interest expense	-189.6	-	-
Total comprehensive income	24.5	13.2	9.2

*These figures are determined using the half-year results of Van Lanschot as the full year figures were not available at the reporting date.

Summarised statement of comprehensive income of principal associates at prior year-end

In millions of euros	Van Lanschot	Project Holland Fonds CV	CF I Invest CV	Dasym Investments V BV
Revenue	1,097.1	3.2	29.3	3.8
Interest income	735.4	0.1	0.3	-
Dividend received	-	-	1.0	-
Depreciation and amortisation	-22.5	-	-	-
Interest expense	522.9	-	-	-
Total comprehensive income	108.7	9.1	26.5	3.8

Reconciliation of summarised financial information to carrying amount at year-end

In millions of euros	Van Lanschot*	Project Holland Fonds CV	CF I Invest CV
Net asset	1,368.7	33.3	57.7
Proportion of ownership interest	30.23%	43.49%	21.74%
Group share of net assets of associate, excluding fair value adjustment	413.7	14.5	12.5
Fair value adjustment	-192.2	-	-
Carrying amount	**221.5**	**14.5**	**12.5**

*These figures are determined using, and adjusting where necessary, the results Van Lanschot reported at half-year and includes the estimated effects of the Q3 update.

Reconciliation of summarised financial information to carrying amount at prior year-end

In millions of euros	Van Lanschot	Project Holland Fonds CV	CF I Invest CV	Dasym Investments V BV
Net asset	1,350.5	96.0	126.5	62.2
Proportion of ownership interest	30.21%	49.63%	21.73%	50.00%
Group share of net assets of associate, excluding fair value adjustment	408.0	47.7	27.5	31.1
Fair value adjustment	-192.2	-1.4	9.0	-5.6
Carrying amount	**215.8**	**46.3**	**36.5**	**25.5**

The Netherlands is the primary place of business of the three (2014: four) principal associates. The investments in principal associates include stakes in Van Lanschot and investment funds, which are required to maintain a minimum capital based on regulatory directives. Such restrictions can affect the ability of these principal associates to transfer funds in the form of cash dividends, or repayments of loans or advances, and therefore, there can be no assurance that these restrictions will not become a limitation in the future.

There are no unrecognised shares of losses in associates.

Individual investments in other associates are not considered material and are therefore not included in the statement of Delta Lloyd's principal associates and joint ventures.

Summarised information of other associates at year-end

In millions of euros	2015	2014
Post tax profit or loss	52.1	45.6
Other comprehensive income	-	0.5
Total comprehensive income	**52.1**	**46.0**
Carrying amount	30.3	14.3

The carrying amount mainly includes undistributed capital from CF I Invest CV to Delta Lloyd, which is currently held in escrow. The amount is expected to be settled in the first quarter of 2016.

4.1.7.15 Debt and equity securities

Investments classified as ‘held for trading’, ‘other than trading’ and ‘available for sale’ are measured at fair value. The fair value of investments is measured using the fair value hierarchy as described in section 4.1.7.37 ‘Fair value of assets and liabilities’. Changes in the fair value of investments ‘held for trading’ and ‘other than trading’ are accounted for in the income statement in the period in which the value change occurs. Changes in the fair value of investments classified as available for sale, other than impairment losses and relevant foreign exchange gains and losses, are recorded in a specific investment revaluation reserve within equity. When investments classified as available for sale are sold or impaired, the accumulated fair value adjustments are transferred out of the revaluation reserve to the income statement.

Purchases and sales of investments are recognised at fair value when the trade occurs; i.e. the date that Delta Lloyd commits to purchase or sell the assets. Transaction costs directly attributable to the initial acquisition of investments are recognised as follows:

- Transaction costs for investments designated at fair value through profit or loss are included in the income statement;
- Transaction costs for investments designated as available for sale are included in the initial measurement. Transaction costs for debenture loans are recognised as part of amortisation in the income statement using the effective interest rate method. Transaction costs for equity instruments are recognised in the income statement on sale.

The interest amount recognised in the income statement for debenture loans and other fixed-income investments at fair value, including transaction costs, is set annually based on amortised cost. The difference between the initial value and future repayment is recognised through profit or loss as amortisation, using the effective interest rate method. The initial amortised cost is calculated as the fair value including transaction costs.

At each reporting date Delta Lloyd assesses whether objective evidence exists that an available for sale financial asset is impaired. In the case of equity instruments classified as 'available for sale', this means a significant or prolonged decline in the fair value of the security below its cost. Significant is defined as at least 20% over an uninterrupted period of six months or more than 40% on the reporting date.

Prolonged is defined as measured below cost for more than a year. Delta Lloyd uses a graduated scale for the period between six months and one year and for a decline in value of up to 20%, to determine whether a financial asset available for sale is impaired. If the impairment proves to be structural, Delta Lloyd may decide to recognise it despite the period being less than six months. Impairment losses on equity securities cannot subsequently be reversed through the income statement. If a financial asset has been impaired, any future reductions in value, irrespective of the amount, are recognised through the income statement.

Debt securities available for sale are impaired if there is objective evidence that they are unlikely to be redeemed or if it is known that the issuer is in financial difficulties. If such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and current fair value (excluding previously recognised impairment losses) is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as 'available for sale' increases and the increase can be related to an objective event occurring after the recognition of the impairment loss, the impairment is reversed through the income statement.

Financial assets carried at fair value through profit or loss are not subject to impairment testing. The fair value of these assets already reflects possible impairments.

Debt and equity securities for own risk

In millions of euros	2015	2014
Debt securities	28,342.1	28,676.9
Equity securities	2,169.3	2,889.5
Total	**30,511.3**	**31,566.4**

A part of the debt securities amounting to € 233.2 million is pledged as non-cash collateral (2014: € 212.6 million).

Included in the decrease in equity securities is the disposal of the private equity portfolio. A large part of the portfolio was sold as per 18 November 2015, and the transaction was completed on 31 December 2015. At transaction date the fair value of this portfolio amounted to € 351.2 million. The impact of this transaction on the comprehensive income amounted to a loss of € 10.2 million, consisting of a negative result caused by the release of the revaluation reserve in equity amounting to € 54.9 million offset by realised gains of € 44.7 million. As agreed with the buyer, 45% of the purchase price was paid on the completion date and the remainder will be paid in December 2017. This receivable is discounted using the effective interest rate method.

Fair value of debt and equity securities for own risk by category at year-end

In millions of euros	Debt securities	Equity securities	Total
Recognised at fair value through profit or loss other than trading	26,824.0	1,133.8	27,957.8
Available for sale	1,518.1	1,035.5	2,553.6
Total	**28,342.1**	**2,169.3**	**30,511.3**

Fair value of debt and equity securities for own risk by category at prior year-end

In millions of euros	Debt securities	Equity securities	Total
Recognised at fair value through profit or loss other than trading	27,009.8	1,177.4	28,187.2
Available for sale	1,667.1	1,712.1	3,379.2
Total	**28,676.9**	**2,889.5**	**31,566.4**

Accumulated impairment of debt securities available for sale

In millions of euros	2015	2014
At 1 January	13.5	28.2
Impairment charges during the period	0.8	0.1
Reversal of impairment charges during the year	-0.0	-7.3
Disposals	-0.1	-7.5
At 31 December	**14.1**	**13.5**

Accumulated impairment of equity securities available for sale

In millions of euros	2015	2014
At 1 January	492.4	979.8
Impairment charges during the period	22.7	31.5
Disposals	-198.6	-509.0
Transfer to assets held for sale	-	-10.0
At 31 December	**316.4**	**492.4**

Repurchase agreements

Delta Lloyd had no repurchase agreements on debt securities on 31 December 2015 (2014: nil).

Investments in unconsolidated structured entities

Delta Lloyd's investments in unconsolidated structured entities such as RMBSs, ABSs and CDO/CLOs are presented in the line item 'debt securities' of the statement of financial position. Delta Lloyd did not recognise other interests in unconsolidated structured entities such as commitments, guarantees, provisions, derivative instruments or other liabilities.

Delta Lloyd did not provide financial or other support to unconsolidated structured entities. Nor does Delta Lloyd intend to provide financial or other support to unconsolidated structured entities in which Delta Lloyd has an interest or previously had an interest.

The composition of the structured entities portfolios of Delta Lloyd is widely dispersed looking at the individual amount per entity. This is shown in the following table together with the number of individual entities.

Overview of own risk investments in unconsolidated structured entities

In millions of euros	Number of entities at year-end	Carrying amount at year-end	Number of entities at prior year-end	Carrying amount at prior year-end
EUR 0-10 million	54	170.8	123	279.5
EUR 10-20 million	9	121.5	18	246.4
EUR 20-30 million	1	26.6	3	75.0
EUR 30-40 million	-	-	2	60.7
EUR > 40 million	1	49.5	5	305.9
Total	**65**	**368.5**	**151**	**967.5**

The table below presents the carrying amount of the investments in unconsolidated structured entities at the reporting period, and total income and losses recognised in this period.

Investments in structured entities type - carrying amount, income and losses at year-end

In millions of euros	Total carrying amount debt securities	Interest income	Realised / Unrealised gains and losses	Total income	Losses recognised in profit/loss
Mortgage-backed securitisations (RMBS)	287.1	2.8	-2.8	0.0	-3.5
Asset-backed securities (ABS)	81.4	9.8	-4.0	5.8	-10.5
CDOs and CLOs	-	0.0	-	0.0	-0.6
Total	**368.5**	**12.6**	**-6.8**	**5.8**	**-14.6**

Investments in structured entities type - carrying amount, income and losses at prior year-end

In millions of euros	Total carrying amount debt securities	Interest income	Realised / Unrealised gains and losses	Total income	Losses recognised in profit/loss
Mortgage-backed securitisations (RMBS)	555.6	4.1	13.6	17.7	-5.0
Asset-backed securities (ABS)	404.0	12.4	39.6	52.0	-
CDOs and CLOs	7.9	0.2	0.1	0.3	-17.1
Total	**967.5**	**16.7**	**53.2**	**69.9**	**-22.2**

For the most significant structured entities (2015: > € 20.0 million, 2014: > € 30.0 million), the maximum exposure to loss for Delta Lloyd by type of structured security is presented. The table presents a comparison of Delta Lloyd's interest with the total assets of those unconsolidated structured entities. The amounts shown as total assets are based on the most current available information.

Maximum exposure to loss by type of structured security and by seniority of interest for significant structured entities at year-end

In millions of euros		Note structure of structured entity (notional values)					
Security name	Type	Subordinated interest	Mezzanine interest	Senior Interest	Most Senior Interest	Total	Delta Lloyd's exposure to loss*
SIENA 2010-7 A3	RMBS	-	924.2	1,666.9	-	2,591.1	49.5
EMAC 2007 0148	RMBS	2.8	45.2	654.9	-	702.8	26.6
Total		**2.8**	**969.4**	**2,321.8**	**-**	**3,293.9**	**76.1**

* Only senior exposure.

Maximum exposure to loss by type of structured security and by seniority of interest for significant structured entities at prior year-end

In millions of euros		Note structure of structured entity (notional values)					
Security name	Type	Subordinated interest	Mezzanine interest	Senior Interest	Most Senior Interest	Total	Delta Lloyd's exposure to loss*
GPPS4.375 01/22	ABS	-	-	1,500.0	-	1,500.0	93.0
GPPS3.75 01/21	ABS	-	-	1,500.0	-	1,500.0	72.9
SIENA 2010-7 A3	RMBS	-	817.6	1,666.9	70.3	2,554.8	53.2
CORDR 4 A2	RMBS	21.5	216.9	738.6	481.6	1,458.6	44.2
ELAN4.691 0517	ABS	-	-	488.3	-	488.3	42.5
BERAB 3 A	RMBS	115.0	93.9	764.5	-	973.4	30.7
EMAC 2007 0148	RMBS	1.3	45.2	438.0	-	484.5	30.0
Total		**137.8**	**1,173.6**	**7,096.3**	**551.9**	**8,959.5**	**366.7**

* Only senior exposure.

For equity and debt securities, loans and receivables, the maximum exposure to loss is the current carrying value of these interests. The maximum exposure to loss does not take into account the effects of any hedging activities of Delta Lloyd designed to reduce that exposure to loss.

Delta Lloyd’s significant investments in structured entities can be classified as senior interests.

The maximum exposure to loss of the significant investments in structured entities is not reduced by any collateral.

4.1.7.16 Derivatives

Delta Lloyd uses derivatives as part of its asset and liability management to hedge financial risks and insurance risks. Financial risk derivatives (e.g. interest, currency, equity and inflation) hedge financial risks in financial assets and liabilities arising from market movements. Insurance derivatives hedge risks with regard to longevity. Derivative financial instruments include foreign exchange contracts, interest rate futures, currency and interest rate swaps, currency and interest rate options (both written and purchased), swaptions and other financial instruments that derive their value mainly from underlying interest rates, foreign exchange rates, commodity values or equity instruments. All derivatives are initially recognised in the statement of financial position at fair value, which usually represents their cost. They are subsequently measured at their fair value through profit or loss. The fair value is measured using the fair value hierarchy as described in section 4.1.7.37 ‘Fair value of assets and liabilities’. Derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the statement of financial position as they do not represent the potential gain or loss associated with such transactions.

Derivative contracts may be traded on an exchange or over-the-counter (OTC). Exchange-traded derivatives are standardised and include certain futures and option contracts. OTC derivative contracts are individually negotiated between contracting parties and include forwards, swaps, caps and floors.

Fair value hedge accounting

Delta Lloyd uses derivatives to partially hedge the market value risk of certain financial assets due to interest rate movements. Fair value hedge accounting can be used for these derivatives in accordance with IAS 39, provided they have been designated for this and specific conditions are met. The EU carve-out on hedge accounting, which allows for more leniency when calculating hedge effectiveness, has been in use since 1 July 2012 for the banking activities in Belgium, and in the Netherlands since 1 May 2015.

Changes in the fair value of derivatives designated as 'fair value hedges' that meet the set conditions are recognised in the income statement under ‘result from derivatives’.

Changes in the fair value of the hedged assets are disclosed under the same heading, to the extent that those changes relate to the hedged risk. The net effect of this is that only the ineffective part of the hedge influences the result. An adjustment to the carrying value of a hedged financial instrument is amortised and credited or charged to the income statement under ‘result from derivatives’ from the moment the carrying value is first adjusted and during the anticipated remaining life of the hedged instrument.

Derivatives not included in a hedge relationship

Changes in the value of derivatives that are not included in a hedge relationship are taken directly to the income statement and presented separately in the result from derivatives.

Derivatives for own risk at year-end

In millions of euros	Contract / notional amount 2015	Fair value asset 2015	Fair value liability 2015	Contract / notional amount 2014	Fair value asset 2014	Fair value liability 2014
OTC foreign exchange forwards	5,775.8	18.2	27.3	4,695.8	48.4	94.0
Interest rate contracts						
OTC						
Interest rate and currency swaps held for fair value hedge accounting	1,461.3	3.9	174.5	1,596.6	-	183.2
Interest rate and currency swaps not held for fair value hedge accounting	16,037.0	1,456.0	142.4	16,649.0	1,680.7	257.3
Options	2,332.0	44.8	0.8	5,650.0	284.5	9.3
Exchange-traded						
Futures	818.2	-	-	906.5	-	-
Total interest rate contracts	20,648.5	1,504.7	317.8	24,802.1	1,965.2	449.9
Equity/index contracts						
OTC						
Swaps *	3,866.6	-	643.4	2,911.6	0.1	630.5
Options *	232.4	2.1	-	1,236.8	51.9	-
Exchange-traded						
Futures	0.2	-	-	0.2	-	-
Total equity/index contracts	4,099.2	2.1	643.4	4,148.5	52.0	630.5
Longevity derivatives	-	29.0	-	-	35.6	-
Derivatives related to life settlement	-	118.9	-	-	127.7	-
Credit default swaps	473.0	3.1	3.4	673.8	10.4	-
Total	**30,996.5**	**1,675.9**	**991.9**	**34,320.3**	**2,239.3**	**1,174.4**

* Represented, the equity/index swaps are presented separately from the equity/index options for a more clear presentation.

Delta Lloyd has applied an OIS (overnight indexed swap) curve to measure fully cash-collateralised derivatives. The projected cash flows of these derivatives are discounted using the EONIA (euro overnight index average) swap curve, which reflects the fair value of future overnight interest rates and is regarded as the best estimate of a risk-free interest rate.

In June 2015, Delta Lloyd completed a second transaction with Reinsurance Group of America (RGA) to further reduce the longevity risk related to the Dutch life insurance portfolio. The first contract had an entry date of 1 January 2014. This second contract is effective retrospectively from 1 January 2015, and relates to underlying longevity reserves of approximately € 11.0 billion (first contract approximately € 12.6 billion). It will reduce the financial effects should policyholders live longer than expected over the next eight years (respectively six years for the 2014 contract). Both longevity derivatives do not protect against changes in the methodology of future forecast tables or unexpected changes in future mortality rates that occur after the contractual period. At maturity date, RGA will pay the difference between the value of the underlying portfolio based on both the actual mortality (based on an index) during the contract term and its impact on future mortality (commutation mechanism of 80 years for the first and 72 years for the second transaction) and the value of the underlying portfolio based on the current expected mortality. There is a threshold, a minimum reduction of mortality to be achieved in order to receive payment (the attachment point). There is also a limit beyond which no additional payment takes place (detachment point). At this detachment point Delta Lloyd will receive the maximum payoff of € 450.0 million for the first and € 350.0 million for the second transaction. Delta Lloyd and RGA have a memorandum of understanding to roll over both transactions at the end of each contract period.

With regard to the longevity derivatives, the value decreased because of the publication by CBS (Statistics Netherlands) in September 2015 of the realised mortality rates in 2014. The realised mortality rates were higher than expected and therefore the value of the derivatives decreased, as the likelihood of an obligation for the counterparty to pay out on expiration date is therefore reduced. The negative impact on the value of these derivatives in relation to these published mortality rates amounted to € 15.5 million.

For most of the derivative positions the credit risk is nil as they are fully cash-collateralised. The remaining credit risk mainly relates to the fact that Delta Lloyd is the beneficiary owner of life settlement contracts issued by high-rated US insurance companies (through the consolidation of Orca Trust). The value of these contracts is dependent on the value of the life settlement contracts issued and is established by using best estimate principles. These contracts are valued using a fair value market approach at current market rates, which has been validated by an independent external industry expert. Among other risk factors, approximately 200bps of the market rate reflects the credit risk of the underlying insurance carriers.

The result for derivatives held for fair value hedge accounting was € 10.7 million (2014: € -151.2 million). The result on the hedged mortgages arising from the hedged interest rate risk was € -2.9 million (2014: € -17.2 million).

Fair value hedge accounting is applied within the segments Bank and Corporate and Other Activities. Fair value hedge accounting is applied per period and in accordance with the dollar offset method.

4.1.7.17 Loans and receivables

Loans and receivables with fixed maturities, including policyholder loans, issued loans, mortgage loans, securitised mortgages and loans, are recognised on the statement of financial position when cash is advanced to borrowers. Measurement of these loans and receivables, excluding loans initially designated as ‘at fair value through profit or loss’, is based on amortised cost, using the effective interest rate method and taking impairments into account where necessary. To the extent that loans and receivables are not collectible, they are written off as impaired. Any subsequent recoveries are credited to the income statement.

Certain securitised mortgages and derivatives and related financial liabilities are managed on the basis of fair value. Delta Lloyd also evaluates their performance on the basis of fair value, in line with its risk strategy. The securitised mortgages are also recognised as 'financial assets at fair value through profit or loss'. The fair value is measured using the fair value hierarchy as described in section 4.1.7.37 ‘Fair value of assets and liabilities’.

A financial asset or a group of financial assets carried at amortised cost is considered to be impaired when there is objective evidence of impairment due to events occurring after the date of the initial recognition (a ‘loss event’), and when that event has an impact on estimated future cash flows. Objective evidence that a financial asset or a group of assets is impaired includes observable data about the following loss events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or repeated delinquency in payment of interest or principal;
- The lender entering bankruptcy or a financial reorganisation;
- The disappearance of an active market for that specific asset because of financial difficulties;
- Observable data indicating a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified based on the individual financial assets in Delta Lloyd, including adverse changes in the payment status of borrowers of Delta Lloyd and national or economic conditions that correlate with defaults on the assets of Delta Lloyd.

Delta Lloyd first assesses whether objective evidence of impairments exists for financial assets that are individually significant. If there is no objective evidence of impairment for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Future credit losses that have been incurred are not taken into account. The impairment is recognised in the income statement. If a financial investment has a variable interest rate, the discount rate for measuring the impairment loss is the current effective interest rate determined in the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognised, the previously recognised impairment is reversed and accounted for in the income statement.

Loans and receivables at year-end

In millions of euros	2015	2014
Loans at fair value through profit or loss	5,235.9	5,525.3
Loans and receivables at amortised cost	10,676.9	9,924.4
Total	**15,912.7**	**15,449.7**

A large part of the increase in the line item Loans and receivables at amortised cost in 2015 is caused by the reclassification of savings mortgages from Investments at policy holders' risk, based on an extensive assessment of all contracts relating to savings mortgages. As a result, a part of the savings mortgages portfolio amounting to € 501.5 million was reclassified at year-end 2015.

In the table below the loan to market value (LTMV) of the standard and securitised mortgages is shown. The LTMV is the residual amount compared with the sale value in a private sale with vacant possession. The NHG mortgage portfolio is secured on annuity basis.

Loan to market value at year-end

	2015	2014
NHG < 100%	21%	17%
NHG > 100%	25%	30%
< 70%	13%	11%
70% - 90%	14%	11%
90% - 100%	6%	6%
100% - 110%	6%	6%
110% - 120%	7%	7%
> 120%	8%	11%
Total	**100%**	**100%**

Almost all mortgages relate to residential properties. Of the mortgages granted in 2015, 41.88% (2014: 37.41%) have a loan-to-value ratio that is less than 90%. Dutch mortgages that are guaranteed through the government's national mortgage guarantee scheme ('Nationale Hypotheek Garantie') make up 39.54% (2014: 39.91%) of the portfolio granted in 2015. No new mortgages were granted with a loan-to-value ratio exceeding 103% without the applicant pledging additional collateral. No derivative instruments were contracted to mitigate any credit risk related to mortgage loans for it is Delta Lloyd's opinion that hedging is not required given the relatively small credit risk exposure.

The economic crisis has had substantial consequences for the housing market and for employment. Delta Lloyd commits to proactively helping its customers to prevent and resolve their financial difficulties.

This is in the customer's interest and stems from Delta Lloyd's duty of care to customers in all phases of the mortgage product cycle. Forbearance measures are taken in cases where customers temporarily experience:

- Double housing costs, by offering, under strict conditions, the option to rent out the property;
- The threat of getting into financial difficulty by providing information offering temporary or permanent solutions;
- Financial problems resulting from a permanent decrease in income by restructuring the mortgage.

The maximum exposure on double housing costs is € 41.1 million (2014: € 40.6 million) on a total mortgage portfolio of € 13.3 billion (2014: € 13.2 billion). Delta Lloyd takes a proactive approach toward customers who are likely to get into financial difficulties due to their mortgage product type (securities-based).

The table below provides an overview of the gross carrying amount of loans and receivables of which measures have been taken to diminish financial difficulties of customers, or the risk of financial difficulties.

Overview of forborne assets at year-end

In millions of euros		Performing assets		Non-performing assets			
	Gross carrying amount	Temporary modification	Permanent modification	Temporary modification	Permanent modification	Total forborne assets	Forbearance ratio
Loans and receivables	13,266.1	0.7	6.1	3.0	28.8	38.5	0.3%
Total	**13,266.1**	**0.7**	**6.1**	**3.0**	**28.8**	**38.5**	**0.3%**

Overview of forborne assets at prior year-end

In millions of euros		Performing assets		Non-performing assets			
	Gross carrying amount	Temporary modification	Permanent modification	Temporary modification	Permanent modification	Total forborne assets	Forbearance ratio
Loans and receivables	13,194.5	0.3	2.8	2.3	3.0	8.4	0.1%
Total	**13,194.5**	**0.3**	**2.8**	**2.3**	**3.0**	**8.4**	**0.1%**

Forborne assets are recorded as from 2014. As mortgage loans have a long duration, the total amount of forborne assets is expected to increase because forborne assets of past periods can continuously remain part of the total outstanding balance. Most of the 2014 forborne assets are also included in the balance at year-end 2015. As of 2015, mortgage loans with payment arrears of more than six months which have emerged within the past year are included.

Loans recognised at fair value through profit or loss

Loans recognised at fair value through profit or loss consists mainly of mortgage assets that have first priority mortgage rights. Second ranking mortgages are only granted when the first priority mortgage assets are granted by Delta Lloyd.

Loans at fair value through profit or loss include € 5,106.6 million of mortgages (2014: € 5,386.6 million). Delta Lloyd measures its mortgages at fair value primarily through the use of a bottom-up discount spread. This bottom-up spread is compared with a top-down benchmark and adjusted when the bottom-up spread is outside the benchmark. In 2015, several changes were made in the assumptions of the methodology, including changes in the determination of consumer prices, distribution costs and parameter uncertainty. In addition, changes were made in tender and pipeline risk. The impact of these changes on the net result at year-end 2014 would have been a € 54.2 million loss.

Of the fair value gains and losses on loans at fair value through profit or loss, € 29.0 million (cumulative € -9.3 million) is attributable to changes in credit risk. The change, during the period and accumulated, in the fair value of the loans attributable to changes in the credit risk of the financial asset is determined based on the following method: A comparison between the applied credit spread between year-end 2015 and 2014 was made on instrument level. The credit delta in basis points was multiplied by the basis point value figure.

The revaluation in 2015 of loans recognised at fair value through profit or loss was € 18.6 million (2014: € 62.8 million).

Loans and receivables recognised at amortised cost

Loans and receivables at amortised cost for own risk at year-end

In millions of euros	2015	2014
Loans to policyholders	232.4	197.7
Loans to banks	108.7	161.9
Loans and advances to clients and intermediaries	20.0	18.9
Issued loans	2,156.3	1,738.0
Total loans and advances	2,517.4	2,116.5
Securitised mortgages	1,318.5	2,081.1
Non-securitised mortgages	6,841.0	5,726.8
Total mortgages	8,159.4	7,807.9
Total loans and receivables	**10,676.9**	**9,924.4**
Terms of loans and receivables		
Less than one year	44.4	256.7
More than one year	10,632.5	9,667.7
Total	**10,676.9**	**9,924.4**

In 2015, mortgages for an amount of € 1,029.7 million (2014: € 825.0 million) were granted and an amount of € 902.5 million (2014: € 669.1 million) was redeemed. Amortisation of the fair value of hedged positions was € -0.3 million (2014: € -0.4 million) for ordinary mortgages and € 33.9 million (2014: € 25.3 million) for securitised mortgages making up a total of € 33.7 million (2014: € 24.9 million).

Accumulated impairment of loans and receivables at amortised cost

In millions of euros	2015	2014
At 1 January	61.1	74.3
Impairment charges during the period	27.4	25.6
Reversal of impairment charges during the year	-26.9	-3.7
Irrecoverable	0.0	1.9
Disposals	-6.4	-28.2
Transfer to assets held for sale	-	-8.8
At 31 December	**55.2**	**61.1**

Impairment for the period is part of investment income.

Of the reversals of impairment charges during the year totalling € 26.9 million, an amount of € 14.1 million relates to the liquidation of a participation of Delta Lloyd Vastgoed Ontwikkeling BV. The liquidation of this participation resulted in a repayment on a receivable that was fully impaired.

The gross value of loans on an individual basis on which an impairment loss is recognised is € 110.3 million (2014: € 111.7 million). The impairment recognised on these loans was € 4.7 million (2014: € 3.3 million). Loans which are fully impaired are not taken into account. The value of the collateral relating to these loans was € 103.5 million (2014: € 100.4 million). The collateral is measured mainly on the basis of the original appraisal value when the loan was granted. The collateral consists mainly of mortgaged properties. Collateral for loans that have not been impaired is also mainly made up of mortgaged properties.

Accrued interest on loans and receivables at amortised cost of € 1.0 million (2014: € 1.6 million) was recognised with regard to financial assets subject to individual impairment.

4.1.7.18 Investments at policyholders' risk

Delta Lloyd classifies and measures its investments at policyholders' risk as financial assets at fair value through profit or loss.

Carrying value of financial investments related to unit-linked liabilities at year-end

In millions of euros	2015	2014
Debt securities	4,417.9	4,528.2
Equity securities	9,847.5	9,131.5
Derivatives	154.6	249.5
Receivables and other financial assets	25.8	110.5
Accrued interest and prepayments	58.4	62.1
Cash and cash equivalents	99.8	107.4
Total	**14,604.0**	**14,189.3**
The associated liabilities are:		
Unit-linked contracts classified as insurance contracts	12,591.8	13,145.8
Unit-linked contracts classified as investment contracts	1,358.1	1,024.5
Derivatives liabilities	21.7	16.1
Total	**13,971.6**	**14,186.3**

At year-end 2015 a part of the investments at policy holder's risk amounting to € 501.5 million is reclassified to Loans and receivables at amortised cost see section 4.1.7.17 'Loans and receivables'. This is partly offset by an adjustment in the measurement of the remaining savings mortgages of € 358.7 million. Therefore the total impact of reclassification and measurement is € 142.8 million.

The liabilities relating to unit-linked investments were adjusted to eliminate pension obligations as explained in section 4.1.7.29 'Pension obligations'. Without this elimination, the obligations would be higher than presented.

The difference between the total assets and the associated liabilities is mainly due to the elimination of the Delta Lloyd pension contract at group level and the specific investment funds for own risk that Delta Lloyd Levensverzekering forms for unit-linked clients and seperate Accounts.

4.1.7.19 Third party interests in consolidated investment funds

Delta Lloyd classifies and measures its investments for third parties as financial assets at fair value through profit or loss.

Carrying value of financial investments for third party interests in consolidated investment funds at year-end

In millions of euros	2015	2014
Debt securities	1,669.8	2,182.8
Equity securities	1,619.4	1,679.9
Derivatives assets	0.7	1.6
Receivables and other financial assets	26.5	21.9
Accrued interest and prepayments	22.7	30.1
Cash and cash equivalents	32.1	48.3
Total	**3,371.2**	**3,964.6**
The associated liabilities are:		
Third party interests in consolidated investment funds	3,371.2	3,964.6

4.1.7.20 Receivables and other financial assets

Receivables and other financial assets at year-end

In millions of euros	2015	2014
Receivables from policyholders	534.1	650.1
Receivables from intermediaries	174.0	163.5
Deposits with ceding undertakings	10.2	8.1
Plan assets	20.8	21.6
Other receivables	416.8	285.9
Other financial assets	221.0	507.5
Total	**1,376.8**	**1,636.7**
Expected to be settled within one year	1,175.0	1,612.9
Expected to be settled in more than one year	201.8	23.8
Total	**1,376.8**	**1,636.7**

Concentrations of credit risk regarding receivables are limited due to the size and spread of Delta Lloyd’s operations.

See section 4.1.7.1 ‘Risk management’ for an analysis of receivables and other financial assets adjusted for impairments, and an analysis of payment arrears regarding receivables and other financial assets.

For Plan assets see section 4.1.7.29 ‘Pension obligations’.

The decrease in receivables and other financial assets is partly related to other financial assets as less collateral is held due to lower derivative positions.

Included in the other receivables expected to be settled in more than one year is a deferred payment of € 179.1 million relating to the sale of the private equity portfolio. The amount will be settled in two years.

4.1.7.21 Share capital

The company's ordinary and preference share capital is as follows:

Share capital at year-end

In millions of euros	2015	2014
360,000,000 ordinary shares with a nominal value of € 0.20 each	72.0	72.0
15,000,000 convertible preference shares A with a nominal value of € 0.20 each	3.0	3.0
375,000,000 convertible preference shares B with a nominal value of € 0.20 each	75.0	75.0
Total authorised share capital of the company	**150.0**	**150.0**
228,614,612 ordinary shares with a nominal value of € 0.20 each (2014: 199,330,887 with a nominal value of € 0.20 each)	45.7	39.9
Total issued share capital of the company	**45.7**	**39.9**
The 10,021,495 (2014: 10,021,495) outstanding convertible preference shares A with a nominal value of € 0.20 each are recognised as a convertible loan.	2.0	2.0

Ordinary shares have equal ranking. All the ordinary shares carry the same rights to dividends and other distributions declared, made or paid by the company.

The shares in issue were fully paid-up, and each share gives the bearer the right to cast one vote.

Statement of changes in ordinary shares

In numbers	2015	2014
At 1 January	199,330,887	191,797,530
Issue of shares	19,933,087	-
Stock dividend	9,350,638	7,533,357
At 31 December	**228,614,612**	**199,330,887**

On 30 November 2015, Delta Lloyd announced its intention to launch a rights issue to raise up to € 1.0 billion of additional equity capital. The rights issue is part of a broader plan of management actions and capital measures to ensure Delta Lloyd's solvency position is strengthened as the company transitions into the new Solvency II regime. The rights issue is underwritten by a syndicate of banks for the full € 1.0 billion, subject to customary conditions. Delta Lloyd is calling an Extraordinary General Meeting (EGM) on 16 March 2016 to ask for approval of the rights issue. If approved, Delta Lloyd plans to launch the rights issue shortly thereafter.

Convertible preference shares A

The convertible preference shares A carry a fixed dividend of 2.76%. Fonds NutsOHRA holds all 10,021,495 preference shares A and is entitled to convert these cumulative preference shares A on a one-to-one basis up to 6,510,748 shares per annum. The conversion price is € 30.84 (2014: € 30.94) per ordinary share less € 0.20 (the nominal value of the convertible preference shares A).

Preference shares B

The preference shares B are protective preference shares. The preference shares B have not been issued but there is an option agreement with Stichting Continuïteit Delta Lloyd (see section 3.4 'Corporate governance'), a foundation that is legally and administratively independent of Delta Lloyd. Stichting Continuïteit Delta Lloyd has a call option to acquire protective preference shares B in Delta Lloyd NV for an indefinite period. The maximum to be acquired equals 100% of the share capital in issue in the form of ordinary shares and preference shares A immediately prior to the exercise of the call option, minus one share. This will entitle it to 49.9% of the voting rights after the issuance of such shares.

On acquisition, at least one quarter of the nominal value must be paid up on each preference share B. The call for further payment on preference shares B shall be made pursuant to a resolution of the Executive Board of Delta Lloyd NV. Such a resolution shall be subject to the approval of the Supervisory Board. Delta Lloyd believes that the call option is not material as meant by IAS 1.31 since there is a very small probability of the call option being exercised. In the highly exceptional circumstances in which the call option would be exercised, these preference shares B would, in all probability, be cancelled within a very short time. The option is, therefore, not recognised in the financial statements nor is any additional information presented pursuant to IAS 32 and IAS 39.

4.1.7.22 Earnings per share

The earnings per share as calculated below are based on the number of shares at year-end (basic earnings per share) and on potential shares. Net profit in the following tables is after tax and non-controlling interests.

Earnings per share at year-end

In millions of euros (unless indicated otherwise)	2015	2014
Net profit from continuing operations	128.7	338.7
Net profit from discontinued operations	-0.6	22.5
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	128.1	361.1
Weighted average number of ordinary shares in issue	219,141,779	195,128,794
Basic earnings per share continuing operations (in euros)	0.59	1.74
Basic earnings per share discontinued operations (in euros)	0.00	0.12
Basic earnings per share (in euros)	**0.58**	**1.85**

Diluted earnings per share at year-end

In millions of euros (unless indicated otherwise)	2015	2014
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	128.1	361.1
Net profit (loss) attributable to holders of ordinary shares for calculating the diluted earnings per ordinary share	128.1	361.1
Net profit from continuing operations	128.7	338.7
Net profit from discontinued operations	-0.6	22.5
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	128.1	361.1
Weighted average number of ordinary shares in issue	219,141,779	195,128,794
Effect of conversion rights of preference shares A at year-end	10,021,495	10,021,495
Effect of stock dividend	-	6,827,567
Effect of employee equity compensation plan	599,081	720,009
Diluted weighted average number of ordinary shares	229,762,355	212,697,865
Diluted earnings per ordinary share from continuing operations (in euros)	0.56	1.59
Diluted earnings per ordinary share from discontinued operations (in euros)	0.00	0.11
Diluted earnings per ordinary share (in euros)	**0.56**	**1.70**

The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. The conversion of share options granted to employees under the Phantom Option Plan will not lead to movements in the number of shares in issue as they are settled in cash, but the conditional shares granted under the Variable Incentive Plan do have a dilutive effect (see section 4.1.7.8 'Employee information'). The terms and conditions for the convertible preference shares A are set out in section 4.1.7.21 'Share capital'.

No other transactions involving ordinary or potential ordinary shares occurred between the reporting date and the signing date of these financial statements.

4.1.7.23 Revaluation reserves

The revaluation reserve only comprises the revaluation of available-for-sale investments including value changes taken to equity less deferred tax liabilities and less any part of the revaluation allocated to the DPF provision.

Statement of changes in revaluation reserves

In millions of euros	2015	2014
At 1 January	534.1	553.0
Gross fair value gains and losses arising in period	-133.5	577.5
Revaluation reserve of subsidiaries sold transferred to income statement	-50.6	-
Revaluation reserve of property sold	-5.2	-
Transfer of available for sale relating to DPF contracts to provisions	88.9	-144.2
Impairment losses transferred to income statement	23.5	29.0
Reversal of impairment losses transferred to income statement	-0.0	-7.3
Realised gains/losses on revaluations of financial instruments available for sale transferred to income statement	-295.4	-274.2
Fair value adjustments associates	-39.5	-82.4
Fair value adjustments due to micro hedge debt securities available for sale	11.2	-40.5
Aggregate tax effect	49.3	-76.7
Transfer within shareholders' funds	-1.0	-
At 31 December	**181.8**	**534.1**

4.1.7.24 Non-controlling interests

Total non-controlling interest of € 253.8 million (2014: € 277.9 million) includes ABN AMRO Verzekeringen for € 243.6 million (2014: € 260.3 million) and Delta Lloyd Dutch Property Fund CV for € 10.1 million (2014: € 17.5 million).

Delta Lloyd Levensverzekering owns 79.6% participations in Delta Lloyd Dutch Property Fund CV, whose principal place of business is Amsterdam, the Netherlands.

Delta Lloyd owns 51% of ABN AMRO Verzekeringen. ABN AMRO Verzekeringen is required to maintain a minimum solvency margin based on local directives. Such restrictions can affect the ability of ABN AMRO Verzekeringen to transfer funds in the form of cash dividends, or repayments of loans or advances, and therefore, there can be no assurance that these restrictions will not become a limitation in the future.

ABN AMRO Verzekeringen’s principal place of business is Zwolle, the Netherlands.

Summarised statement of financial position of ABN AMRO Verzekeringen Holding BV before intercompany eliminations

In millions of euros	2015	2014
Current assets	107.2	171.4
Non-current assets	5,898.4	5,848.4
Total assets	6,005.6	6,019.8
Current liabilities	149.0	199.9
Non- current liabilities	5,359.4	5,288.7
Total liabilities	5,508.4	5,488.5
Net assets	**497.2**	**531.3**

Summarised financial information of ABN AMRO Verzekeringen Holding BV with a material amount of non-controlling interests before intercompany eliminations at year-end

In millions of euros	2015	2014
Revenue	676.7	1,049.0
Profit or loss	26.6	94.4
Other comprehensive income	0.7	13.5
Total comprehensive income	27.3	107.9

Statement of changes in accumulated non-controlling interest ABN AMRO Verzekeringen Holding BV

In millions of euros	2015	2014
At 1 January	260.3	282.3
Profit/loss allocated to non-controlling interest during the year	13.1	46.3
Dividends paid to non-controlling interest	-30.1	-74.9
Other comprehensive income	0.3	6.6
At 31 December	**243.6**	**260.3**

4.1.7.25 Insurance liabilities

In accordance with IFRS 4 'Insurance contracts' all insurance and DPF investment contract liabilities are recognised on the basis of local pre-IFRS accounting policies with certain adjustments allowed under IFRS. Delta Lloyd uses the Collateralised AAA curve as market interest rate to measure the insurance liabilities for most of its products. In 2015 the insurance liabilities of Delta Lloyd Deutschland were transferred to Athene Holding LTD. These insurance liabilities were reclassified to the held for sale category at year-end 2014 (see section 4.1.7.5 'Discontinued operations and assets and liabilities held for sale').

The Collateralised AAA curve is defined as the higher of the DNB SWAP curve and a yield curve derived from collateralised AAA euro area bonds. Since 30 June 2013, Delta Lloyd has adjusted the extrapolating method of the Collateralised AAA curve by using an ultimate forward rate (UFR) because the long end of the Collateralised AAA curve had been comprised over a longer period on a very limited number of constituents. The yield-curve is extrapolated using the Smith-Wilson method after the last liquid point. The last liquid point is 20 years, the convergence period 40 years and an UFR of 4.2% on 31 December 2015 (unchanged since 30 June 2013). Each reporting period Delta Lloyd assesses whether the long end of the curve can be derived from sufficient observable market inputs. If that is the case, Delta Lloyd will cease to apply the extrapolation approach and will use the collateralised AAA euro area bonds curve for the long end of the curve. If no sufficient relevant observable market inputs are available, Delta Lloyd will continue to estimate current market interest rate using the described extrapolation approach while reassessing the parameters used. Each reporting date, Delta Lloyd assesses whether the used extrapolation method is still acceptable as 'current market interest' under IFRS. Based on this assessment, Delta Lloyd considers the Collateralised AAA curve including extrapolation to an UFR of 4.2% a sufficient representation of current market interest rate at year-end 2015.

Delta Lloyd applies a method and assumption setting cycle (MASC). In this cycle, all methods and assumptions used to determine provisions and the liability adequacy tests are adjusted and validated.

Life insurance business
The actuarial valuation of liabilities arising under life insurance contracts involves discounting of expected premiums and benefits payments. Delta Lloyd generally uses the net premium method. Under the net premium method, the premium taken into account in calculating the provision is determined actuarially using policies on discount rates, mortality and disability. The difference between this net premium and the actual premium received provides a margin for expenses. This method does not allow for voluntary early termination of the contract by the policyholder. Explicit provision is made for vested bonuses, including those vesting contractually following the most recent investment valuation. No such explicit provision is made for the majority of future annual terminal bonuses.

Profit sharing in the Netherlands is non-discretionary and the timing and/or level thereof is based on an external standard (such as the U-return). In contrast, profit sharing in Belgium is discretionary. In Germany, profit sharing is based on realised interest income and the underwriting result.

Provisions are also formed for the longevity risk associated with certain types of individual and group life insurance contracts as the original life expectancy assumptions are no longer prudent. At the end of 2014 and 2015, the longevity provision was valued on the basis of AG2014, the most recent mortality table published by the Dutch Society of Actuaries (Actuarieel Genootschap). The AG2014 mortality table is adjusted for mortality experience, based on observed differences between mortality in the Delta Lloyd portfolio compared to the mortality in the entire population as observed by CBS. Furthermore, an explicit risk margin is included in the longevity provision.

Life insurance business provisions are calculated separately for each life operation, based on local generally accepted interest rates and published standard mortality tables for different categories of business as appropriate. The provisions are based on assumptions including a margin for prudence. The assumptions used in the calculations and any estimated margin for prudence depend on the specific situation of the entities involved. The provision for guaranteed benefits for participating insurance contracts is calculated, like all other insurance provisions, in accordance with prevailing actuarial principles using a deterministic approach and a prudent set of valuation assumptions. Other options in insurance contracts (including guarantees in unit-linked contracts) are measured stochastically at fair value. Related changes in value are recognised through profit or loss.

Unit-linked contracts and separated accounts (GSB), which are classified as insurance contracts, are valued based on the same principles as those used to measure the investments on behalf of policyholders. Any additional provisions that are needed to cover mortality risks or guaranteed surrender values are included in the insurance provisions where the insurer carries the investment risk. If the policyholder carries the investment risk, stochastically measured minimum return guarantees are recognised in the insurance provision.

The liability adequacy test is performed to ensure the total insurance liabilities are sufficient: in other words, the insurance liabilities recognised in the statement of financial position must be higher than the best estimate of the insurance liabilities plus the risk margin. The liability adequacy test for life insurance business provisions is conducted on each reporting date; losses will be recognised in the income statement when they occur. The adequacy test is established taking into account explicit best estimate assumptions for future profit sharing, discount rates, mortality and disability, early termination of the contract by the policyholder and future expenses. It also takes into account the risk margin and time value of options and guarantees in the insurance contracts. The test considers current estimates of all contractual and related cash flows, such as administration costs, as well as cash flows resulting from embedded options and guarantees.

Embedded derivatives (such as options and guarantees) are measured at fair value. The 'best estimate' provision (including the intrinsic value and time value of options and guarantees) is increased by a risk margin for unhedgeable insurance risks, based on a 4% (2014: 4%) cost of capital approach.

The test is performed for each portfolio component at company level. The portfolio components are classified as 'group' and 'individual', and then broken down into ‘traditional' and 'unit-linked'. Traditional is broken down further into participating and non-participating contracts. Unit-linked is broken down further into contracts with and without guarantee.

An additional test is conducted at group level, which takes into account the unhedgeable financial risks. Financial risks are defined as risks that Delta Lloyd is exposed to as a whole, including credit, equity, investment property, interest, inflation and currency risk, insurance risks and liquidity and capital management.

If the tests performed at business level or at group level show that the provision is inadequate, the entire deficiency is charged to the income statement. When the provision in the Netherlands and Germany becomes adequate again, no release is made to the income statement. In Belgium, the adequacy test is leading.

General insurance business
Claims provisions for general insurance are based on the estimated ultimate cost (including claims-handling expenses) of all claims incurred but not settled at the reporting date, whether reported or not. The outstanding claims provisions are continually refined as part of a regular ongoing process as claims experience develops, losses are settled and further losses reported. Movements in provisions are taken to the income statement. The provision required for benefit payments for individual occupational disability class B (post first-year risk) and WIA/WAO was established using best estimate principles. The benefit provision is the discounted fair value of expected future cash flows including recovery and mortality probabilities. Outstanding claims provisions include a margin for prudence. According to Delta Lloyd guidelines, each business unit's margin for prudence must ensure that the level of adequacy for the majority of the general insurance business provisions (except disability contracts) is within a set range.

The majority of the general insurance provisions are valued on an undiscounted basis. The provision for disability is valued on a discounted basis based on the Collateralised AAA curve.

For general insurance, the proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods, is deferred in a provision for unearned premiums. Changes in this provision are taken to the income statement during the risk period in question to ensure the premium reflects the insured risk throughout the policy period. An additional premium reserve, the unexpired risk reserve, is formed for contracts with a lower premium compared to the actuarial required premium, if no compensation is available in premium surplus within other products for segments property and casualty, and disability respectively.

The liability adequacy test for the total provisions tests whether the total provision recognised in the statement of financial position is greater than the best estimate of the provision, including a risk margin based on a 4% (2014: 4%) cost of capital. If positive, the difference between these two amounts is called the prudence margin in the total provision. The ultimate level of outstanding claims provision is estimated by using a range of standard actuarial claims projection techniques. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence the ultimate cost of claims. Premium provisions are tested against a best estimate based on the expected combined operating ratio.

For property and casualty products and accident and absenteeism products, the claims provision is tested against a lower and upper boundary. Any deficit with respect to the lower boundary or any margin against the upper boundary is taken to the income statement. For disability products the adequacy is tested against a lower boundary based on a 4% (2014: 4%) cost of capital.

Delta Lloyd is subject to various periodic insurance-related assessments or guarantee fund levies. Provisions related to these are established when there is a present obligation (legal or constructive) resulting from a past event. Such amounts are not included in insurance liabilities but are disclosed under section 4.1.7.30 'Provisions for other liabilities', except for provisions for the Dutch Vehicle Insurers' Guarantee Fund (Waarborgfonds der Motorrijtuigenverzekeraars), which are part of the IBNR.

Insurance liabilities at year-end

In millions of euros	Life	General	Total
Discretionary participating contracts	4,024.2	-	4,024.2
Non-discretionary participating contracts	3,137.5	-	3,137.5
Unit-linked non-participating contracts	12,591.8	-	12,591.8
Other non-participating contracts	23,996.2	-	23,996.2
Outstanding claims provisions	-	1,358.2	1,358.2
Provision for claims-handling expenses	-	64.7	64.7
Provision for claims incurred but not reported	-	399.0	399.0
Provision for unearned premiums	-	218.3	218.3
Total	**43,749.6**	**2,040.3**	**45,789.9**

Insurance liabilities at prior year-end

In millions of euros	Life	General	Total
Discretionary participating contracts	3,901.3	-	3,901.3
Non-discretionary participating contracts	4,097.7	-	4,097.7
Unit-linked non-participating contracts	13,145.8	-	13,145.8
Other non-participating contracts	22,347.2	-	22,347.2
Outstanding claims provisions	-	1,421.5	1,421.5
Provision for claims-handling expenses	-	63.3	63.3
Provision for claims incurred but not reported	-	466.7	466.7
Provision for unearned premiums	-	218.9	218.9
Total	**43,492.0**	**2,170.4**	**45,662.4**

Part of the reclassification of the discretionary participating contracts (€ 4.5 billion) of Delta Lloyd Deutschland to the held for sale category in 2014 was incorrectly adjusted in the other non-participating contracts. Prior year figures have been adjusted.

Movements

Life insurance business

The movements in the Life provisions were as follows:

Statement of changes in life insurance business provisions

In millions of euros	2015	2014
At 1 January	43,492.0	42,062.0
Provisions in respect of new business	939.1	929.3
Expected change in existing business provisions	-977.0	-1,153.1
Movement in longevity provision	97.3	410.7
Variance between actual and expected experience	-122.3	686.3
Effect of operating assumption changes	93.5	12.0
Effect of economic assumption changes	-68.2	5,275.7
Other movements recognised as expense	-87.3	-40.6
Change in liability recognised as expense	-125.0	6,120.3
Other movements not recognised as expense	382.6	129.1
Reclassified as liabilities relating to assets held for sale	-	-4,819.3
At 31 December	**43,749.6**	**43,492.0**

The expected change in existing business provisions and the variance between actual and expected experience relate to the claims, interest and portfolio developments.

The movement in the longevity provision for Delta Lloyd Levensverzekeringen is mainly due to the impact of the adjustment to the calculation method of the non-hedgeable operational risk as part of the risk margin.

The changes in the operating assumptions are a result of effects from the MASC process in the third quarter of 2015. These effects include assumption updates with regard to lapses, mortality and expenses. In the MASC, assumptions have been updated with a new year of experience.

The changes in economic assumptions are mainly the result of the effect of interest rate movements reflected in the Collateralised AAA curve, on which many of the provisions are based (see section 4.1.7.28 'Effect of changes in assumptions and estimates on provisions for insurance and investment contracts'). The related effect of changes in market interest rates lowered insurance provisions by € 54.8 million (2014: increase € 5,422.8 million). The movements in the provisions for interest rate guarantees on unit-linked and segregated funds are also included in the economic assumption changes. The movements in the provision for the unit-linked portfolio, due to changes in the underlying investments, are recognised as expected change in existing business provisions and the variance between actual and expected experience.

Other movements recognised as expenses of € -87.3 million (2014: € -40.6 million) mainly relate to the MASC effect from an adjusted profit sharing policy, model improvement and a product conversion at Delta Lloyd Life Belgium.

The other movements not recognised as expenses relate to a revaluation of the savings mortgages at ABN AMRO Levensverzekering.

General insurance business

The movements in the claims provisions were as follows:

Statement of changes in general insurance provisions

In millions of euros	2015	2014
At 1 January	2,170.4	2,278.8
Premiums written during the year	1,354.7	1,336.7
Premiums earned during the year	-1,355.3	-1,375.0
Release of unexpired risk reserve	-	-21.6
Other gross movements	-	-5.1
Movement in premium provision recognised as expense	-0.6	-64.9
Effect of changes in operational assumptions	-21.5	-27.2
Effect of changes in economic assumptions	-1.3	78.4
Claim losses and expenses incurred in the current year	901.0	905.8
Movement in anticipated claim losses and expenses incurred in prior years	-17.6	-11.6
Incurred claims losses and expenses	860.6	945.4
Payments made on claims incurred in the current year	-439.6	-427.1
Payments made on claims incurred in prior years	-542.6	-567.0
Recoveries on claim payments	12.0	11.2
Claims payments made in the year, net of recoveries	-970.1	-982.9
Movement in claims provision recognised as expense	-109.6	-37.5
Increase in provision due to passage of time recognised as expense	4.3	11.0
Transfer of liabilities to third party	-24.1	-
Other gross movements	-0.2	-16.9
At 31 December	**2,040.3**	**2,170.4**

The provision for unearned premiums remained stable from 2014 to 2015.

The change in economic assumptions relates to movements in the Collaterised AAA curve. The effect of changes in operational assumptions is caused by MASC impacts, mainly in disability and illness products.

The run-off result on the line Movement in anticipated claims losses and expenses incurred in prior years is positive and improved compared to 2014.

In 2015, the liability of the Beurs-Volmacht portfolio of € 24.1 million was transferred to a third party.

Loss development table

The following table presents the development of gross cumulative incurred claims for the accident years 2006 to 2015. Part of these incurred claims is reinsured, but adjusting for reinsured claims will not impact the development pattern significantly.

Loss development gross of reinsurance

In millions of euros	All prior years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At end of accident year		785.1	825.7	896.5	971.3	1,000.0	1,018.6	1,139.5	1,031.8	925.8	915.2	
One year later		689.6	770.5	920.1	950.1	1,014.2	1,114.1	1,149.3	1,082.7	966.4	-	
Two years later		701.8	782.2	902.0	936.7	1,019.6	1,109.9	1,121.2	1,076.7	-	-	
Three years later		673.9	776.5	898.9	918.6	1,021.3	1,073.2	1,094.0	-	-	-	
Four years later		680.4	773.8	913.2	926.1	1,020.0	1,063.7	-	-	-	-	
Five years later		674.1	778.1	928.4	931.9	1,010.1	-	-	-	-	-	
Six years later		688.1	785.3	941.5	920.9	-	-	-	-	-	-	
Seven years later		675.6	788.4	935.6	-	-	-	-	-	-	-	
Eight years later		673.8	782.0	-	-	-	-	-	-	-	-	
Nine years later		680.0	-	-	-	-	-	-	-	-	-	
Estimate of cumulative claims		680.0	782.0	935.6	920.9	1,010.1	1,063.7	1,094.0	1,076.7	966.4	915.2	
Cumulative payments		647.6	734.7	860.1	845.6	899.7	923.9	898.2	812.6	672.1	431.8	
Total	156.7	32.4	47.3	75.5	75.3	110.3	139.7	195.9	264.1	294.3	483.4	1,875.0
Effect of discounting	-7.5	-1.0	-2.0	-2.9	-2.4	-3.6	-3.4	-5.6	-7.6	-8.4	-8.5	-53.1
Current value	149.2	31.4	45.4	72.6	72.9	106.7	136.3	190.3	256.4	285.9	474.9	1,822.0
Unearned premium and unexpired risk reserve												218.3
Value recognised in balance sheet												**2,040.3**

The table below includes information on asbestos and environmental pollution (A&E) claims provisions for business written before 2006. The uncertainty inherent in A&E claims provisions is largely due to the extremely long latency period, uncertainties in the cover and claims costs, the limited availability of data and uncertainties in the surrounding completeness and accuracy of the data. The A&E cumulative payments and claim reserves are shown separately in the following table.

Asbestos and environmental pollution loss development table at year-end

In millions of euros	Cumulative payments	Claims reserves	Estimate of cumulative claims
2006	16.1	57.8	74.0
2007	20.3	53.2	73.5
2008	21.1	56.8	77.9
2009	22.6	55.8	78.4
2010	25.0	50.2	75.2
2011	27.8	49.4	77.2
2012	34.5	39.4	73.8
2013	39.5	37.8	77.3
2014	41.2	36.3	77.4
2015	56.3	16.5	72.8

There is a provision of € 16.5 million (2014: € 36.3 million) for the exposure to claims associated with asbestos-related diseases. The provisions were estimated by claims handlers on a case-by-case basis. A provision was also made for future asbestos-related claims. Claims development is monitored periodically. Asbestos and environmental pollution contracts have not been reinsured. The transfer of the Beurs-Volmacht portfolio transferred a substantial part of the outstanding asbestos related claims. This transfer can be seen in the increased cumulative payments and decreased claims reserves in 2015.

4.1.7.26 Reinsurance assets

Delta Lloyd assumes and cedes reinsurance in the normal course of business, with retention limits varying according to the type of insurance contract. Reinsurance assets assumed are recognised in the same way as direct business, reflecting the product classification of the reinsured business. The cost of reinsurance relating to insurance contracts is accounted for over the life of the underlying reinsured policies, based on assumptions consistent with those used to account for the original policies.

Reinsurance assets primarily include amounts receivable from reinsurance companies on ceded reinsurance. In the case of life insurance, this is mainly non-proportional reinsurance relating to group contracts while for general insurance it relates primarily to excess of loss. Amounts recoverable from reinsurers are calculated in a manner that is consistent with the insurance provisions or the settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract. Reinsurance assets included in life insurance business provisions were not measured on the basis of market interest rates, but on the basis of fixed interest rates.

If a reinsurance asset is impaired, Delta Lloyd reduces the carrying amount accordingly and recognises that impairment loss in the income statement.

Reinsured share in provisions at year-end

In millions of euros	2015	2014
Life	392.2	423.5
General	169.9	226.0
Total	**562.1**	**649.5**

The net provision is calculated by deducting reinsured business included in provisions from the gross provision.

Gross provisions, reinsurers' share and net provisions at year-end

In millions of euros	Gross insurance provisions 2015	Reinsurance assets 2015	Net 2015	Gross insurance provisions 2014	Reinsurance assets 2014	Net 2014
Discretionary participating contracts	4,024.2	18.1	4,006.2	3,901.3	16.3	3,885.0
Non-discretionary participating contracts	3,137.5	5.6	3,131.9	4,097.7	5.2	4,092.5
Unit-linked non-participating	12,591.8	0.0	12,591.8	13,145.8	-	13,145.8
Other non-participating	23,996.2	368.6	23,627.6	22,347.2	402.1	21,945.2
Life provisions	43,749.6	392.2	43,357.4	43,492.0	423.5	43,068.5
Outstanding claims provisions	1,358.2	129.8	1,228.5	1,421.5	178.9	1,242.6
Provision for claims-handling expenses	64.7	0.1	64.7	63.3	-	63.3
Provision for claims incurred but not reported	399.0	33.4	365.6	466.7	40.2	426.5
Provision for unearned premiums	218.3	6.7	211.6	218.9	6.8	212.1
General provisions	2,040.3	169.9	1,870.4	2,170.4	226.0	1,944.4
Total	**45,789.9**	**562.1**	**45,227.9**	**45,662.4**	**649.5**	**45,012.9**

Part of the reclassification of the discretionary participating contracts (€ 4.5 billion) of Delta Lloyd Deutschland to the held for sale category in 2014 was incorrectly adjusted in the other non-participating contracts. Prior year figures have been adjusted.

The movements in reinsurance assets during the year were as follows:

Statement of changes in life insurance reinsurance assets

In millions of euros	2015	2014
At 1 January	423.5	441.4
Assets in respect of new business	0.6	0.4
Expected movement in existing business assets	-28.9	-3.6
Variance between actual and expected experience	-3.1	-9.6
Other movements	0.0	0.4
Movements reinsurance assets recognised as income	-31.4	-12.4
Other movements not recognised as expense	0.1	-2.0
Reclassified as liabilities relating to assets held for sale	-	-3.5
At 31 December	**392.2**	**423.5**

Statement of changes in general insurance reinsurance assets

In millions of euros	2015	2014
At 1 January	226.0	112.7
Reinsurers' share in the year	102.8	272.4
Reinsurers' share of premiums earned during the year	-103.0	-272.4
Movements in provision for unearned premiums	-0.2	-
Effect of changes in assumptions	0.2	0.2
Reinsurers' share of claim losses and expenses incurred in current year	44.0	66.2
Reinsurers' share of claim losses and expenses incurred in prior years	-10.6	137.2
Reinsurers' share of claim losses and expenses incurred	33.5	203.6
Reinsurance recoveries received on claims incurred in current year	-9.8	-32.6
Reinsurance recoveries received on claims incurred in prior years	-76.4	-54.9
Reinsurance recoveries received in the year	-86.2	-87.5
Movements in reinsurance assets recognised as income	-52.7	116.2
Other movements	-3.2	-2.8
At 31 December	**169.9**	**226.0**

The reinsurance assets decreased by € 56.1 million, which is mainly caused by the run-off on the International Marine Business (transferred to a reinsurer in 2014).

4.1.7.27 Liabilities for investment contracts

Investment contracts are those that do not transfer significant insurance risk from the contract holder to the risk bearer and are therefore treated as financial instruments.

Liabilities for discretionary participating investment contracts

Liabilities for discretionary participating investment contracts are measured using the same accounting policies as life insurance contracts.

Liabilities for non-participating investment contracts

Liabilities for non-participating investment contracts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Liabilities for unit-linked contracts

For unit-linked investment contracts, the value of the liability equals the fair value of the investments, plus a provision, if required, for guaranteed returns. A deferred acquisition costs and a deferred income reserve liability are recognised for transaction costs and front-end fees respectively. These relate to the management of investments and are amortised systematically over the contract term.

Investment contract liabilities at year-end

In millions of euros	2015	2014
Discretionary participating policies (fair value)	4,481.6	4,645.6
Non-participating investment contracts (amortised cost)	464.8	484.1
Unit-linked contracts (fair value)	1,358.1	1,024.5
Total	**6,304.5**	**6,154.3**

The total interest expense on discretionary participating investment contracts was € 111.2 million (2014: € 110.4 million). The discretionary participation feature of participating business concluded by Delta Lloyd Life Belgium is recognised separately from the guaranteed element and is classified as a separate liability within discretionary participating policies referred to as unallocated distributable surplus.

Statement of changes in investment contract liabilities

In millions of euros	2015	2014
At 1 January	6,154.3	4,817.0
Provisions in respect of new business	171.0	100.4
Expected change in existing business provisions	267.5	181.4
Variance between actual and expected experience	-165.1	-32.9
Effect of changes in assumptions	-0.9	874.1
Other movements	-122.3	-0.7
Changes in group	-	215.0
At 31 December	**6,304.5**	**6,154.3**

In 2014 the savings value of BeFrank was included. The inclusion of BeFrank led to an increase in the provision in respect of new business and expected change in existing business provision. The effect of changes in assumptions is limited compared to last year, as the effect of the market interest rate is only € -12.4 million (2014: € 897.1 million). For further details on the movements and impact of changes in assumptions see section 4.1.7.28 ‘Effect of changes in assumptions and estimates on provisions for insurance and investment contracts’.

The other movements show a decrease of € -122.3 million (2014: € -0.7 million). These movements relate to the MASC effect from the change in profit sharing and adjustments in the calculation of the non-hedgeable operational risk as part of the risk margin both for discretionary participating policies (fair value) at Delta Lloyd Life Belgium. The change in profit sharing relates to the alignment of future profit sharing with the updated profit sharing policy and to neutralise profit sharing in certain projected scenarios.

4.1.7.28 Effect of changes in assumptions and estimates on provisions for insurance and investment contracts

Determining the technical provision for life and general insurance contracts is dependent on the accounting policies and assumptions used. Changes in assumptions and estimates will directly affect the technical provision and have an indirect impact on the result.

The effect on the result is shown in the table below:

Effect of changes in assumptions and estimates on provisions for insurance and investment contracts

In millions of euros	Effect on result 2015	Effect on result 2014
Life insurance contracts		
Interest rate/price movements	58.2	-5,661.9
Expenses	45.5	10.8
Lapse rate	-91.5	-21.7
Mortality risk for life insurance contracts	-138.8	62.4
Other	6.0	-2.3
Investment contracts		
Interest rate/price movements	-3.3	-891.2
Expenses	58.5	12.3
Lapse rate	-36.5	4.3
Mortality risk for investment contracts	-0.4	-1.7
Other	-17.4	2.3
General insurance contracts		
Change in discount rate assumptions	1.3	-78.4
Change in expense ratio assumptions	-10.2	-7.3
Change in loss ratio assumptions	32.4	34.5
Total	**-96.3**	**-6,537.9**

Section 4.1.7.25 'Insurance liabilities' addresses the effect of changes in economic assumptions on insurance provisions. This differs from the effect of movements in interest rates/prices. The interest rate effect on the result involves the consequences of movements during the year in the Collateralised AAA curve.

The impact on result of the movement in the Collateralised AAA curve in 2015 was € 54.8 million (2014: € -5,422.8 million) of life insurance contracts and € 12.4 million (2014: € -897.1 million) of investment contracts. These effects, and the effect of interest rate changes in particular, are partly offset by movements in the investment portfolio resulting from changes in market interest rates. The result will be affected primarily by differences in volumes and maturities.

The changes in assumptions and estimates for insurance contracts and investment contracts are a result of:

- Adjustments to explicit expense (effect Delta Lloyd Life Belgium: € 104.0 million), lapse (effect Delta Lloyd Life Belgium: € -113.6) million, mortality assumptions (effect Delta Lloyd Life Belgium: € -30.6 million) and assumptions on the risk margin in Delta Lloyd Life Belgium's adequacy test.
- Adjustment to mortality assumptions and the effect of including the operational risk in the risk margin on the basis of the Standard Formula method instead of the Internal Model method in the longevity provision of Delta Lloyd Levensverzekering.
- Delta Lloyd Levensverzekering adjusted the lapse rate for the individual and collective portfolios, related to the guarantee provisions.

The change in discount rate assumptions in general insurance relates to the movements of the Collateralised AAA curve.

The change in loss ratio assumption is mainly due to favourable claims realisations and the use of more recent tariff principles.

4.1.7.29 Pension obligations

Delta Lloyd operates a number of defined benefit and defined contribution plans in all countries in which it operates. The assets of these are generally held in separate investment deposits. To finance the pension plans, contributions are paid by the relevant subsidiaries and employees.

For defined benefit plans, the pension expenses and obligations are assessed using the projected unit credit method. The cost of providing pensions is charged to the income statement to spread the regular cost over the service life of employees, in accordance with actuarial calculations. Additionally, the pension cost includes the interest cost and expected return on plan assets. The pension obligation is measured as the present value of the estimated future outflows using a discount rate based on market yields for high-quality corporate bonds. The net asset or liability in the statement of financial position is the difference between the liabilities and the qualified plan assets at fair value. These assets are held by a fund that is legally separate from Delta Lloyd, with the exception of non-transferable financial instruments issued by Delta Lloyd. They may only be used to pay employee benefits; they may not be used to meet any other obligations of Delta Lloyd. Actuarial gains and losses are recognised in other comprehensive income. In the Netherlands, Delta Lloyd Pensioenfonds has reinsured most of its pension obligations with Delta Lloyd Levensverzekering. As a result, the related investments do not qualify as plan assets. To avoid double stating the assets and liabilities, the insurance liabilities and the associated cash flows have been eliminated.

For defined contribution plans, Delta Lloyd pays contributions to collective or individually administered pension plans. Once the contributions have been paid Delta Lloyd, as an employer, has no further payment obligations. Delta Lloyd’s contributions are charged to the income statement.

Pension obligations

Delta Lloyd has a number of pension plans in the countries where it operates, whose members are entitled to defined benefit pensions. The main defined benefit plan is in the Netherlands and is held by a separate foundation, Delta Lloyd Pensioenfonds, which has reinsured its pension obligations with the subsidiary Delta Lloyd Levensverzekering. In the insurance agreement Delta Lloyd Levensverzekering guarantees the payment of the vested nominal pensions. The agreement has been renewed for one year until 1 January 2017. Delta Lloyd is in consultation for the implementation of a new pension scheme in the Netherlands from 2017. Delta Lloyd Pensioenfonds has no employees and is governed by members representing Delta Lloyd NV (employer), its employees and pensioners. The board members have the full power and discretion to administer the plan, including developing and monitoring the investment policy. In January 2013, Delta Lloyd Pensioenfonds decided to split its investment portfolio. The portfolio is still reinsured at Delta Lloyd Levensverzekering to an aimed coverage ratio of 105%. Since January 2013, the amount above this aimed coverage ratio is invested for own risk of Delta Lloyd Pensioenfonds. At year-end 2015, investments of € 48.4 million were transferred into Delta Lloyd Pensioenfonds (2014: € 29.5 million transferred out of Delta Lloyd Pensioenfonds). The current IFRS coverage ratio, calculated as investments divided by defined benefit obligation, is 123% (year-end 2014: 120%). Delta Lloyd Levensverzekering guarantees a minimum solvency level of 100%.

The figures include provisions to meet other post-retirement obligations to staff.

There were no significant contributions outstanding or prepaid in the past two years.

Details of the significant defined benefit plans

The measurement of the defined benefit plans is based on the most recent actuarial valuations, which were updated to assess the liabilities of the significant plans on 31 December 2015.

The principal features of the current plan in the Netherlands are as follows:

- From 1 January 2014, the main pension plan is based on average pay and a retirement age of 67 years (employees are expected to retire from the company between 65 and 67). Pension contributions are determined on 1 January of each year and based on the hourly wage of the employee (including holiday pay and a ‘13th month’) multiplied by the number of contract hours. From 1 January 2015, the pension entitlements per service year are 1.875% (2014: 2.15%) of the employee's pension base.
- Delta Lloyd is not obliged to make additional contributions in relation to any indexation after 1 January 2011. The pension fund will only apply indexation on the basis of investment returns made by the fund.
- The average weighted duration of the pension obligation is 20.2 years; a decrease compared to last year (2014: 20.8 years), mainly due to the increase in the discount rate.

The pension obligations relating to the defined pension entitlements will be increased to the level of the investments if there is a surplus. The surplus accrues to members and is to be used for indexation purposes. The pension and post-retirement obligations of Delta Lloyd are therefore equal to the pension plan assets at the reporting date. Based on the actuarial valuations set out below, the provision for pension and post-retirement obligations was increased by € 532.0 million (2014: € 480.0 million). Details of the main defined benefit plans are shown below. Where plans provide both defined benefit and defined contribution pensions, the assets and liabilities shown only relate to defined benefit pensions. The mortality table used for the Dutch pension plan from 31 December 2014 onwards is the AG2014 mortality table, taking into account the ‘Delta Lloyd Levensverzekering experience adjustment’.

Main financial assumptions used to calculate defined benefit obligations

In percentages	Netherlands 2015	Netherlands 2014	Belgium 2015	Belgium 2014
Inflation rate	1.60%	1.55%	0.4%-1.55%	0.2%-1.45%
General salary increases	1.70%+merit	1.65%+merit	0.5%-1.65%+merit	0.3%-1.55%+merit
Pension increases active members	1.10%	1.20%	0.00%	0.00%
Pension increases inactive members	1.00%	1.15%	1.1%-1.55%	0.95%-1.45%
Discount rate	2.25%	2.15%	0.05%-2.1%	0.25%-2.0%

Delta Lloyd Pensioenfonds’ investment policy is aimed at maintaining a balanced portfolio. This limits the risk of underfunding that arises from the selected asset mix. The composition of the investments is considered to be the most important mechanism to optimise the revenue and risk structure of the pension fund. The investments are managed by the asset managers of Delta Lloyd, who are constrained to mandates. The composition of the portfolio is regularly evaluated and will be adjusted when it appears the revenue and risk structure are no longer adequate.

The expected rate of return on plan assets equals the discount rate used to calculate the pension obligation (see table above).

The defined benefit obligation recognised in the statement of financial position can be reconciled to the actual defined benefit obligation at year-end as follows:

Defined benefit obligation recognised in the statement of financial position

In millions of euros	2015	2014
Net defined benefit liability	2,479.8	2,592.5
Net defined benefit liability related to Delta Lloyd Deutschland classified as discontinued operations	-	62.2
Other post-retirement benefits related to Delta Lloyd Bank Belgium classified as held for sale	-	3.4
Net pension obligation recognised in statement of financial position	**2,479.8**	**2,658.1**
Recognised in plan assets	20.8	21.6
Recognised in pension obligation	2,501.6	2,616.1
Recognised in liabilities relating to assets held for sale	-	65.6
Other post-retirement schemes	-1.1	-2.0
Net pension obligation recognised in statement of financial position	**2,479.8**	**2,658.1**

Plan assets are presented under Receivables and other financial assets in the statement of financial position (see also section 4.1.7.20 'Receivables and other financial assets'). Other post-retirement schemes includes other long-term employee benefits for the Netherlands and is recognised in the pension obligation and presented separately in the table above.

Within the same pension plan, plan assets are netted with the defined benefit obligation. For one of the pension plans of Delta Lloyd Belgium, the total for plan assets is higher than the defined benefit obligation, netted € 20.8 million (2014: € 21.6 million).

Net defined benefit liability and experience adjustments

In millions of euros	2015	2014
Defined benefit obligation	2,934.5	2,958.9
Plan assets	-454.8	-367.2
Asset ceiling	-	0.9
Net defined benefit liability	**2,479.8**	**2,592.5**
Experience adjustments on plan liabilities	31.3	26.9
Experience adjustments on plan assets	33.8	21.9

Statement of changes in defined benefit obligation

In millions of euros	2015	2014
At 1 January	2,958.9	2,372.3
Current service cost	69.9	55.5
Past service cost	0.1	-28.9
Interest cost on pension obligations	64.4	88.6
Payments and acquisitions	-83.3	-79.4
Employee contributions current year	11.3	12.0
Other transfers	-0.1	1.5
Actuarial (gains) and losses on pension obligations	-90.8	605.1
Liabilities of subsidiaries sold	4.2	-
Transfer of liabilities to held for sale category	-	-67.8
At 31 December	**2,934.5**	**2,958.9**

Due to the lower discount rate at the beginning of 2015 compared to the beginning of 2014, the calculated current service cost in 2015 is higher than in 2014. In 2014, a past service cost is recognised of € -28.9 million due to a change in the pension scheme in the Netherlands. This includes the change in the accrual rate from 2.15% to 1.875%, the introduction of a maximum pensionable salary of € 0.1 million for all employees, and the decrease in the offset (franchise).

The interest cost on pension obligations is calculated using the discount rate at the beginning of the year. The discount rate at 1 January 2015 was lower than at 1 January 2014, therefore the interest cost is lower compared to 2014.

The employees' contributions exclude transfers of investments into Delta Lloyd Pensioenfonds of € 48.4 million (2014: € 29.5 million transferred out). The employer's contribution to the pension assets for 2016 is expected to be € 54.7 million (2015: € 45.5 million).

The actuarial gain on pension obligations of € 90.8 million (2014: € -605.1 million) is mainly due the higher discount rate for year-end 2015 (for the Netherlands 2.25%) compared to year-end 2014 (for the Netherlands 2.15%).

Payments take place evenly (monthly) throughout the year.

Statement of changes in plan assets

In millions of euros	2015	2014
At 1 January	367.2	368.6
Interest income	7.8	13.6
Contributions	48.8	-29.1
Benefits paid	-2.5	-1.9
Actuarial gains and (losses) on pension assets	33.8	22.0
Assets of subsidiaries sold	-0.3	-
Transfer of assets to held for sale category	-	-5.9
At 31 December	**454.8**	**367.2**

Contributions include transfers of investments into Delta Lloyd Pensioenfonds of € 48.4 million (2014: € 29.5 million transferred out).

Statement of changes in total net pension obligations

In millions of euros	2015	2014
At 1 January	2,592.5	2,007.6
Pension expense for defined benefit plans	125.9	101.7
Actuarial (gains) and losses	-124.1	580.4
Distributions and investment gains and losses	-114.5	-36.4
Other transfers	-	1.5
Transfer of liabilities/assets to held for sale category	-	-62.2
At 31 December	**2,479.8**	**2,592.5**

Distributions and investment gains and losses include transfers of investments into Delta Lloyd Pensioenfonds of € 48.4 million (2014: € 29.5 million transferred out).

As Delta Lloyd Pensioenfonds reinsured the main part of its pension obligations at Delta Lloyd Levensverzekering in the Netherlands, this entity recognises the related investments and related insurance liability. To avoid double recognition, under actual investments and reimbursement rights on the asset side and defined benefit obligations and insurance liabilities on the liability side, reimbursement rights and insurance liabilities have been eliminated. The remaining plan assets are mainly related to plan assets invested for own risk of Delta Lloyd Pensioenfonds.

Pension obligations of € 1.2 million relate to plans that are completely unfunded (2014: € 63.0 million). These pension obligations are classified as defined benefit plans.

The assets of the pension schemes attributable to participants under the defined benefit plans can be specified as follows:

Assets of the pension schemes attributable to participants under the defined benefit plans (without elimination of plan assets) at year-end

In millions of euros	Netherlands 2015	Belgium 2015	Total 2015	Netherlands 2014	Belgium 2014	Total 2014
Equity securities	631.0	28.8	659.8	553.1	24.8	577.9
Debt securities	2,035.2	23.1	2,058.3	2,017.9	28.2	2,046.0
Investment property	69.5	-	69.5	58.0	-	58.0
Other	127.4	44.2	171.6	258.3	43.2	301.5
Total fair value of assets	**2,863.1**	**96.2**	**2,959.2**	**2,887.3**	**96.2**	**2,983.5**

Listed/unlisted assets of the pension schemes attributable to participants under the defined benefit plans (without elimination of plan assets) at year-end

In millions of euros	Listed 2015	Unlisted 2015	Total 2015	Listed 2014	Unlisted 2014	Total 2014
Equity securities	574.1	85.7	659.8	500.7	77.2	577.9
Debt securities	322.6	1,735.7	2,058.3	289.2	1,756.9	2,046.0
Investment property	-	69.5	69.5	-	58.0	58.0
Other	-	171.6	171.6	-	301.5	301.5
Total fair value of assets	**896.7**	**2,062.5**	**2,959.2**	**789.9**	**2,193.6**	**2,983.5**

Three types of investment funds are recognised. All equity securities and property in the Netherlands are investments within investment funds. Of the total debt securities in the Netherlands, € 1,735.7 million (2014: € 1,756.9 million) is invested in investment funds. The above tables list the categories of the underlying securities in the investment funds.

For the financial years 2015 and 2014, equity securities and debt securities in the pension schemes did not include any equity securities and debt securities in Delta Lloyd. In addition, the property of the pension schemes did not include any property that was in use by Delta Lloyd. 'Other' includes mainly derivatives that are all interest rate swaps.

Pension deficit (without elimination of plan assets) at year-end

In millions of euros	2015	2014	2013	2012	2011	2010	2009
Fair value of plan assets and reimbursement rights at year-end	2,959.2	2,983.5	2,342.2	2,366.4	2,042.8	1,801.1	1,639.5
Present value of defined benefit obligations at year-end	2,934.5	2,958.9	2,372.3	2,410.9	2,079.3	1,835.3	1,667.2
Asset ceiling	-	0.9	4.0	0.5	1.1	-	-
Net pension deficit / (surplus)	**-24.7**	**-23.7**	**34.1**	**45.0**	**37.6**	**34.2**	**27.7**

The defined benefit obligation for the Dutch pension plans is set equal to the plan assets and as such no surplus or deficit is applicable here. The surplus of € 24.7 million at year-end 2015 (2014: € 23.7 million) relates to the Belgian pension plans.

Pension expenses

In millions of euros	2015	2014
Current service cost	69.7	55.3
Past service cost (gain)/loss	0.1	-28.9
Net interest expense	55.7	73.3
Pension expense for defined benefit plans	125.5	99.7
Pension expense for defined contribution plans	2.8	2.4
Total pension expense recognised in the income statement	128.3	102.1
Investment income (gain)/loss	16.0	-645.6
Total pension result recognised in the income statement	144.3	-543.5
Actuarial (gains) and losses recognised in the income statement	0.5	-
Actuarial (gains) and losses recognised in OCI	-124.1	573.2
Total net pension result	**20.6**	**29.7**
Net pension expense from discontinued operations*	**-1.0**	**8.9**

*) Net pension expense from discontinued operations includes the actuarial gain of Delta Lloyd Deutschland for an amount of € 1.9 million (2014: € 7.2 million loss).

Pension expenses recognised as staff costs (see section 4.1.7.8 'Employee information') consist of current service cost, past service cost, pension expense of defined contribution plans and actuarial gains and losses recognised in the income statement. Net interest expense is recognised as part of finance cost.

The investment income is the actual return on the assets backing the pension obligations. For the Netherlands an amount of € -19.4 million (2014: € 639.2 million) was recognised in the investment income of the Life segment as this segment holds the investments. The actual return on plan assets of the Belgian defined benefit plan for 2015 was € 3.3 million (2014: € 6.4 million).

Changes in other comprehensive income

In millions of euros	2015	2014
At 1 January	-890.2	-317.0
Actuarial gains and (losses) on pension obligations due to changes in demographic assumptions	-0.1	-3.3
Actuarial gains and (losses) on pension obligations due to changes in financial assumptions (mainly discount rate change)	110.2	-536.1
Actuarial gains and (losses) on pension obligations due to adjustment for funding agreement	-52.0	-93.5
Actuarial gains and (losses) on pension obligations due to experience adjustments	31.3	27.8
Actuarial gains and (losses) on pension assets	33.8	22.0
Actuarial gains and (losses) due to change in asset ceiling	0.9	2.7
Transfer of liabilities/assets to held for sale category	-	7.2
Total changes in other comprehensive income	124.1	-573.2
Actuarial gains and (losses) disposed	12.4	-
At 31 December	**-753.7**	**-890.2**

Sensitivity analysis of defined benefit obligations

In millions of euros	Impact on equity 2015	Impact on equity 2014
Interest rate risk +25 bps	101.6	93.1
Interest rate risk -25 bps	-101.6	-93.1
Value of equity shares +10%	-65.2	-57.3
Value of equity shares -10%	65.2	57.3

The table above shows the effect of a 25 basis-point interest rate change for the total interest rate structure. The sensitivities are based on the plan assets and the reimbursement rights. A change in mortality rate does not have a direct impact on equity or the result, as the impact is first recognised at the expense or in favour of the surplus. See section 4.1.7.1 'Risk management,' subsection 'Sensitivity analysis' for further explanation of the sensitivity analysis and the limitations of the analysis.

Estimated future benefit payments in the next 10 years are as follows:

Estimated future benefit payments for the financial year

In millions of euros	
2016	59.0
2017	57.7
2018	60.1
2019	62.6
2020	65.6
2021-2025	364.8

4.1.7.30 Provisions for other liabilities

Provisions for other liabilities are recognised if Delta Lloyd has a present legal or constructive obligation resulting from past events, if it is probable it will require an outflow of resources to settle the obligation and if a reliable estimate of the scope of the obligation can be made. If it is virtually certain that a provision will be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset.

The restructuring provisions include redundancy payments to employees and the cost of non-cancellable rental commitments. Delta Lloyd recognises a provision for onerous contracts when the expected benefits are less than the unavoidable costs of meeting the obligations under the contract.

Provisions are measured as the best estimate of the expenditure required to settle the present obligation on the reporting date. Liabilities that do not meet the criteria for recognition as outlined above are disclosed as contingent liabilities, unless the possibility of an outflow of economic benefit is deemed to be remote.

Provisions at year-end

In millions of euros	2015	2014
Restructuring provisions	14.4	7.2
Provisions for employee equity compensation plan	1.4	6.4
Provisions for onerous contracts	-	134.0
Other provisions*	42.9	42.1
Total	**58.6**	**189.6**

* In the financial statements 2015 'Provisions for onerous contracts' are presented separately. In the financial statements 2014 this item was presented under 'Other provisions'.

Statement of changes in onerous contracts provision

In millions of euros	2015	2014
At 1 January	134.0	-
Addition	247.6	134.0
Withdrawal	-381.6	-
At 31 December	**-**	**134.0**

The increase in the restructuring provisions relates to the restructuring of the commercial and IT activities following the goal setting in the ‘Closer to the customer’ strategy.

On 22 July 2015, the sale of Delta Lloyd Bank Belgium was finalised. As a result, the provision for onerous contracts of € 142.0 million was withdrawn. Compared to year-end 2014, the provision for onerous contracts was increased from € 134.0 million to € 142.0 million, the difference being the result until 22 July 2015 of Delta Lloyd Bank Belgium (€ -5.0 million) and a reduction in the sales price (€ 13.0 million).

On 15 January 2015, Delta Lloyd announced the sale of its German Life business to Athene Holding, which resulted in a provision for onerous contracts of € 158.4 million at that date. This provision decreased during 2015 to a total amount of € 154.1 million due to result and other equity movements. The sale was finalised on 1 October 2015. As a result, the provision for onerous contracts of € 154.1 million was withdrawn.

During 2015, several equity securities in private equity and hedge funds were classified as held for sale. As the total portfolio of shares in private equity funds was expected to be sold below its fair value, a provision for onerous contracts was made of € 85.5 million. The sale was finalised on 31 December 2015. As a result, the provision for onerous contracts of € 85.5 million was withdrawn.

The addition in the provisions for onerous contracts (€ 247.6 million) is presented as part of other operating expenses in the income statement.

4.1.7.31 Income taxes

The tax expense is based on the taxable profits for the year, after any adjustments made for previous years and after any changes in deferred tax assets and liabilities. Tax is allocated to the result before taxation or to the reserves, as appropriate.

Deferred tax assets and deferred tax liabilities are recognised on all material temporary differences between the tax base of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to use these tax assets. Deferred tax is presented on a net basis per fiscal entity. The principal temporary differences arise from depreciation of property, revaluation of financial assets and liabilities, including derivatives, insurance liabilities, pension obligations, other post-retirement benefits and tax losses carried forward. The rates enacted or decided upon on the reporting date are used to determine the deferred tax.

Deferred tax assets and liabilities caused by temporary differences in tax base at year-end

In millions of euros	2015	2014
Insurance liabilities	1,494.5	1,657.8
Investments	-1,611.0	-2,027.7
Equalisation reserve	-11.2	-11.2
Unused tax losses	91.5	224.5
Intangible fixed assets	-18.2	-19.9
Pension plans	496.0	485.1
Other	1.0	1.6
Total deferred tax	**442.6**	**310.2**

The full amount of tax assets and liabilities is expected to be recoverable or payable.

Deferred tax assets

In millions of euros	2015	2014*
At 1 January	352.9	480.1
Recognised through the income statement	92.4	-189.4
Movement in other comprehensive income	10.4	95.5
Reclassification between deferred tax assets and liabilities	-7.9	-30.1
Transfer to assets held for sale	0.7	-4.2
Changes in group	29.9	1.0
At 31 December	**478.4**	**352.9**

* Comparative figures have been reclassified to represent the net deferred tax position per fiscal entity.

Deferred tax liabilities

In millions of euros	2015	2014*
At 1 January	42.7	104.7
Recognised through the income statement	2.0	-35.4
Movement in other comprehensive income	-1.0	3.1
Reclassification between deferred tax assets and liabilities	-7.9	-30.1
Other movements	-	0.4
At 31 December	**35.8**	**42.7**

* Comparative figures have been reclassified to represent the net deferred tax position per fiscal entity.

The deferred tax assets and liabilities of companies that are part of the corporate tax entity Delta Lloyd NV are cumulated. The same approach is used for the corporate income tax entity Delta Lloyd ABN AMRO Verzekeringen Holding BV.

Tax assets on tax losses at year-end

In millions of euros	2015	2014
Delta Lloyd NV tax entity	81.1	218.4
Delta Lloyd Life	7.1	3.8
Consolidated investment funds	3.3	2.3
Total	**91.5**	**224.5**

In the Netherlands, losses are carried forward to a maximum of nine years. The tax loss of the Dutch fiscal entity Delta Lloyd NV is expected to be compensated within the available time frame. Taxable losses are recognised at an amount of € 324.3 million.

In Belgium, the tax position consists of the combination of tax losses and notional interest deduction, which is a taxable interest deduction that reduces the taxable amount. The tax losses can be carried forward indefinitely. The regulations on the deduction of notional interest have changed, abolishing the carried forward period of seven years. As of 2012 the notional interest deduction is limited to the actual year. The existing notional interest deduction at the end of 2011 will, under certain conditions, be deductible for the remaining seven years.

The tax losses in Belgium are expected to be compensated within coming years.

Delta Lloyd has recognised tax losses of € 358.5 million (2014: € 894.1 million). Held for sale companies are not included in these amounts. Tax losses carried forward are recognised to the extent that realisation of the related tax benefit through future taxable profits is probable.

Delta Lloyd has unrecognised tax losses of € 115.8 million (2014: € 154.3 million), of which € 107.5 million (2014: € 134.1 million) is related to the consolidated investment funds. Held for sale companies are not included in these amounts. The unrecognized tax losses are not expected to be used in the future.

Tax charged to the income statement in the financial year

In millions of euros	2015	2014
Current tax liabilities	104.2	-65.6
Adjustment for prior-year final assessments	-0.1	-7.1
Tax due for immediate payment	104.1	-72.7
Originating from timing differences	-90.5	160.8
Measurement of deferred tax assets	-4.0	-0.3
Total deferred tax	-94.5	160.5
Total tax charged to income statement	**9.6**	**87.8**

The categories of movements in deferred tax were as follows:

Movements in deferred tax in the income statement

In millions of euros	2015	2014
Insurance liabilities	163.3	-648.6
Investments	-343.9	880.8
Equalisation reserve	-	3.1
Unused tax losses	133.1	-213.9
Intangible fixed assets	-2.4	-2.5
Pension plans	-42.0	142.2
Other movements	-2.5	-0.5
Total	**-94.5**	**160.5**

Tax charged to equity at year-end

In millions of euros	2015	2014
Deferred tax	-18.1	-64.1
Total tax charged to equity	**-18.1**	**-64.1**

Deferred tax charged to equity mainly relates to investments that are recognised directly into equity.

In 2015 and 2014, the nominal tax rates were 25.0% in the Netherlands, 33.99% in Belgium and 30.0% in Germany. The difference between the effective tax rate and the nominal tax rate is explained below:

Tax charged to the income statement in the financial year

In millions of euros	2015	2014
Result before tax from continuing operations	**150.4**	**468.2**
Tax calculated at standard Netherlands corporation tax rate of 25%	37.6	117.0
Non-assessable dividends	-14.8	-14.1
Impairment of 5% interests in investments	4.1	7.1
Untaxed realised / unrealised gains and losses	-70.4	-35.1
Non-deductable losses sale of subsidiaries	28.4	33.5
Transfers from/to non-capitalised losses in Belgium	-4.0	-0.3
Tax rate difference with Belgium	13.2	-13.7
Notional interest Belgium	-1.1	-4.4
Impairment on goodwill subsidiaries	5.3	-
Releases of tax provision	5.7	5.4
Disallowable expenses	8.0	4.9
Other	-2.2	-12.5
Total tax charged to income statement	**9.6**	**87.8**

Delta Lloyd did not pay corporate income tax in 2015. There is no cash outflow of taxes. The taxable profit is fully compensated by tax losses.

The effective tax rate in the income statement is low because of the relative high amount of tax exempted income in the income statement related to the amount of profit.

4.1.7.32 Borrowings

Borrowings are initially recognised at the proceeds of their issue less transaction costs incurred. Subsequently, borrowings are measured at amortised cost, and any difference between net proceeds and the redemption value is recognised in the income statement over the remaining term of the borrowings using the effective interest rate method.

Certain notes issued by Delta Lloyd that relate to securitised mortgages are recognised at fair value through profit or loss (see section 4.1.6.6 ‘Product classification’). These notes are measured at the end of each reporting period using the fair value hierarchy as described in section 4.1.7.37 ‘Fair value of assets and liabilities’.

Description and features of loans at year-end

In millions of euros	2015	2014
Institutional investors	472.5	454.0
Institutional investors perpetual loan	743.8	742.8
Fonds NutsOHRA perpetual loan	136.0	136.0
Subordinated debt	1,352.4	1,332.8
Securitised mortgage loan notes valued at fair value	468.8	667.5
Securitised mortgage loan notes valued at amortised cost	1,754.4	2,436.5
Securitised mortgage loan notes	2,223.2	3,104.0
Medium-term note	573.7	573.0
Commercial paper	164.9	311.0
Convertible loan	2.0	2.0
Other borrowings	740.5	886.1
Total	**4,316.2**	**5,322.9**

Subordinated debt

In 2012, Delta Lloyd issued a € 500.0 million subordinated loan. The fair value of this loan was € 586.2 million at year-end 2015 (2014: € 653.8 million). Due to the sale of Delta Lloyd Deutschland in 2015, a subordinated loan of € 12.0 million issued in 2009 is presented under institutional investors. The fair value of this loan was € 12.5 million at year-end 2015.

In 2014, Delta Lloyd placed a € 750.0 million fixed-to-floating-rate subordinated note transaction. The fair value of the subordinated perpetual loan at year-end 2015 was € 634.5 million (2014: € 724.5 million). The notes were issued under the existing Delta Lloyd EMTN programme. The notes qualify as higher supplementary capital for Delta Lloyd under IGD. Standard & Poor's Ratings Services has assigned a BBB-rating to the notes.

Perpetual subordinated loan notes with an initial interest rate of 2.5% were issued to finance the acquisition of Nuts OHRA Beheer BV in 1999. The notional amount at year-end 2015 was € 404.7 million (2014: € 404.7 million) and the carrying amount was € 136.0 million (2014: € 136.0 million). The interest rate on the notes was 2.76% at year-end 2015 (2014: 2.76%) and the fair value of the subordinated loan was € 209.2 million (2014: € 270.5 million). On 6 November 2015, Delta Lloyd and Stichting Fonds NutsOhra came to an amendment agreement regarding the convertible subordinated loan. The changes consider primarily the interest payments (deferral thereof) and redemption restrictions for a maximum of three years. The amendment is at the request of Delta Lloyd so the loan can be accounted for as additional capital under Solvency II rules. As compensation for the amendment of the terms Stichting Fonds NutsOhra is entitled to a maximum of € 22.5 million if the maximum three-year restriction term is used. This compensation will be amortised to the income statement over the restriction term.

In the event of bankruptcy, subordinated loans rank lower than other liabilities but higher than preference and other shareholders. The perpetual subordinated loan extended to Stichting Fonds NutsOHRA ranks below other subordinated loans.

Securitised mortgage loan notes

A part of the mortgage portfolio of Delta Lloyd is pooled and transferred to special purpose vehicles (securitisation companies). To fund the acquisition of the mortgages, these special purpose vehicles (SPVs) issue notes known as Arena notes. Delta Lloyd is not obliged to support these vehicles by funding any losses that may be suffered by the note holders other than those arising from the structure. The notes have been issued on the basis that the note holders are only entitled to receive payment of principal and interest to the extent to which the available resources of the securitisation companies concerned are sufficient. This is including funds due from customers regarding the securitised loans. Delta Lloyd has no right or obligation to repurchase the liabilities prior to the optional call date, except if, in certain circumstances, they are in breach representation and/or warranties.

Securitised mortgage loan notes at fair value at year-end

In millions of euros	Fair value 2015	Fair value 2014	Contract maturity date	Anticipated maturity date	Interest rate
Arena 2011-II	568.4	640.4	09/2043	12/2015 / 09/2016	floating, range 0.1% - 1.9%
iArena	-	391.2	05/2058	05/2024 / 05/2025 / 11/2025 / 05/2026	fixed, 3.35%
Eliminations	-99.5	-364.1			
Total	**468.8**	**667.5**			

In November 2015, iArena was redeemed early due to the sale of Delta Lloyd Deutschland, among others. Amstelhuys has repurchased the notes at an arms-length price. The cumulative revaluation at year-end 2015 was € -4.8 million (2014: € -26.3 million). Of the elimination, € 63.3 million (2014: € 99.1 million) is related to the Arena at Amstelhuys and € 36.2 million (2014: € 40.9 million) to the Arena at Delta Lloyd Levensverzekering.

Securitised mortgage loan notes at amortised cost at year-end

In millions of euros	Amortised cost 2015	Amortised cost 2014	Contract maturity date	Anticipated maturity date	Interest rate
Arena 2011-I	-	576.0	12/2042	11/2015	floating, range 0.2% - 1.7%
Arena 2012-I	570.7	625.9	11/2044	11/2017	floating, range 0.1% - 1.3%
Arena B-II	-	679.0	10/2044	10/2016	floating, range 0.2 - 1.2%
Arena B-III	-	686.6	01/2045	01/2017	floating, range 0.2 - 1.2%
Arena NHG 2014-I	704.0	768.0	04/2046	04/2019	floating, range 0.2 - 1.2%
Arena NHG 2014-II	734.4	798.9	04/2046	04/2020	floating, range 0.2 - 1.2%
Eliminations	-254.8	-1,682.5			
Transfer to liabilities related to assets held for sale	-	-15.3			
Total	**1,754.4**	**2,436.5**			

The fair value of these loan notes on year-end 2015 was € 1,769.9 million (2014: € 2,464.3 million).

In December 2015, Arena 2011-I was redeemed. On 22 July 2015, the sale of Delta Lloyd Bank Belgium was finalised, therefore both Arena B-II and Arena B-III amount to nil.

The eliminations of the securitised mortgage loan notes relate to Arena 2012-I at Amstelhuys for € 57.2 million (2014: € 116.2 million) and Arena 2012-I at Delta Lloyd Levensverzekering for € 25.6 million (2014: € 25.6 million). Arena NHG-2014-I and Arena NHG-2014-II are eliminated at Delta Lloyd Bank Nederland for € 172.0 million (2014: € 190.4 million).

Of the fair value gains and losses (revaluations) on borrowings at fair value through profit and loss there is no amount attributable to changes in credit risk.

The notes are mortgage collateralised. The tranches of the notes at the SPVs with the highest risk (those that are first in line not to be paid out should credit problems occur) are held at own risk for Delta Lloyd. Delta Lloyd expects the credit risk for external parties is close to zero and no credit risk is expected.

Statement of changes in borrowings

In millions of euros	2015	2014
At 1 January	5,322.9	5,328.4
New borrowings	522.3	2,918.5
Repayments of borrowings	-1,542.1	-2,949.2
Net cash inflow / outflow	-1,019.8	-30.7
Revaluation	-5.9	18.3
New borrowings due to change in group structure	12.0	-
Transfer to liabilities relating to assets held for sale	-	-10.0
Other borrowings	7.1	17.1
At 31 December	**4,316.2**	**5,322.9**

New borrowings of € 522.3 million (2014: € 2,918.5 million) mainly consist of new issued commercial papers amounting € 521.7 million (2014: € 672.0 million). Total repayments on commercial paper were € 668.0 million (2014: € 455.7 million). Commercial papers amounts to a total of € 164.9 million (2014: € 311.0 million). These have repayment dates throughout the year.

Total repayments on securitised mortgage loan notes were € 873.9 million and relate mainly to the redemption of Arena 2011-I.

4.1.7.33 Financial liabilities

Financial liabilities at year-end

In millions of euros	2015	2014
Savings	2,695.9	2,756.8
Demand deposits	1,386.1	1,520.6
Deposits	981.0	1,534.7
Customer savings and deposits	5,063.0	5,812.1
Other financial liabilities	122.8	259.8
Financial liabilities	**5,185.7**	**6,071.9**
Expected to be settled within one year	3,041.0	3,927.0
Expected to be settled in more than one year	2,144.7	2,144.9
Total	**5,185.7**	**6,071.9**

4.1.7.34 Other liabilities

Other liabilities at year-end

In millions of euros	2015	2014
Payables arising out of direct insurance	254.8	411.5
Payables arising out of reinsurance	48.9	27.1
Deposits received from reinsurers	343.0	364.8
Accruals and deferred income	757.8	886.4
Short-term creditors	600.0	610.7
Total	**2,004.6**	**2,300.5**

As in the previous year, the other liabilities are expected to be settled within one year.

4.1.7.35 Contingent assets and liabilities

Uncertainty over claims provisions

Section 4.1.7.25 'Insurance liabilities' gives details of the estimation techniques and assumptions used to determine the provisions for the general insurance business and for the life insurance business. The assumptions are designed to ensure that the provisions for future liabilities, including any future bonuses, are prudent. Both are expected to give an estimated result. Due to the nature of the estimation process, there is uncertainty about this future liability, for example where actual outcomes are worse than assumed for the general insurance business, or where assumptions about inflation of life business claims may change in the future.

Asbestos, pollution and other environmental hazards

Companies in Delta Lloyd receive general insurance liability claims as part of their insurance business that could lead to actual or threatened litigation. This includes claims in respect of pollution and other environmental hazards. Among these are claims relating to asbestos production and handling in the Netherlands. The ultimate cost cannot be determined with certainty, given the significant delays experienced in receiving notification of these claims, the number of potential claims involved, and the uncertainties associated with establishing liability. Delta Lloyd's net exposure to such liabilities is further explained in section 4.1.7.25 'Insurance liabilities'. On the basis of current information and taking into account the level of provisions made for these specific general insurance claims, Delta Lloyd considers it unlikely for any additional costs arising to have a material impact on its financial position.

Guarantees

Delta Lloyd has granted warranties as part of its insurance contracts. These warranties are taken into account in the calculation of the insurance liabilities. Warranties have also been granted with respect to investment properties. No other material warranties have been granted.

Litigation

Several claims against Delta Lloyd have been filed, all of which are being contested. For these claims, the outcome may be difficult to predict and will be subject to a variety of variables and known and unknown uncertainties. Delta Lloyd does not expect these claims to have a significant adverse effect on Delta Lloyd financial position but, given the inherent uncertainty, one or more of these claims may ultimately result in such effect on Delta Lloyd's financial position.

The main pending legal proceedings are:

Swiss Life NV

In Belgium, 230 people have filed civil claims against Delta Lloyd Life NV (formerly Swiss Life NV) in relation to alleged mis-selling of investment products by Spaar Select.

In March 2015, the Court of First Instance in Brussels decided to allow joinder of the 230 cases and set the calendar for further proceedings. A decision on the claims is being awaited.

When Delta Lloyd Life acquired Swiss Life NV, the seller, SNS, made a provision for a warranty that includes possible civil convictions. This warranty should be sufficient.

Cyrte/Boekhoorn

In 2009, Mr. Boekhoorn initiated legal proceedings against Delta Lloyd, Cyrte and the Chief Executive Officer of Cyrte, Mr. Botman (‘Cyrte c.s.’). Mr. Boekhoorn claimed he was instructed to purchase shares in Telegraaf Media Groep by Mr. Botman, acting on behalf of Cyrte, and that Cyrte had agreed that Mr. Boekhoorn would have the opportunity to sell the Telegraaf Media Groep shares back to Cyrte for the original price, or at a lower price to be determined. In 2015, the Supreme Court confirmed the 2013 verdict of the Court of Appeal to dismiss the appeal.

Econcern

On 9 May 2014, Delta Lloyd Asset Management and the curator of sustainable energy company Econcern filed a joint complaint with the Accountantskamer (the disciplinary body for auditors) against the two PwC auditors responsible for the audit assignment at Econcern, which was declared bankrupt in 2009. In addition, on 21 May 2014, Delta Lloyd Levensverzekering and Rabobank, in consultation with SHV, held PwC (and the two auditors in their personal capacities) severally liable for the alleged damage caused by the bankruptcy of Econcern. Filing the complaint and the liability accountability were motivated by the risk of the end of the statutory term and the fact that the curator wanted to take a settlement with PwC outside the judicial process. The hearings before the Accountantskamer took place on 18 and 20 August 2014.

In its ruling on 13 October 2014, the Accountantskamer upheld the complaint and imposed disciplinary measures on the two auditors. On 6 January 2015, both auditors lodged an appeal against the decision to the Trade and Industry Appeals Tribunal (College van Beroep voor het Bedrijfsleven) in The Hague. Delta Lloyd is assessing its next steps. The appeal is still pending.

Dutch Central Bank (DNB) measures imposed on Delta Lloyd

In 2014, the DNB imposed a fine on Delta Lloyd Levensverzekeringen NV. The DNB also assessed the ‘suitability’ (geschiktheid) of Delta Lloyd’s CFO Emiel Roozen and called for his dismissal, even though it concluded that his ‘integrity’ (betrouwbaarheid) was beyond dispute.

Delta Lloyd’s Supervisory Board conducted its own review of the same facts and circumstances and reached different conclusions in its interpretation of those facts and circumstances. Delta Lloyd decided to submit the DNB’s measures to the court and request a ruling on the interpretation of the facts and circumstances, the associated conclusions, the call to dismiss the CFO, as well as the fine and the way it was calculated.

In July 2015, the administrative court in Rotterdam ruled in favour of the DNB with respect to the imposed fine but suspended the DNB's instruction to dismiss CFO Emiel Roozen. The fine amounting to € 22.7 million was paid in October 2015. Despite the court's ruling to suspend the instruction for his dismissal, the CFO stepped down in August and Supervisory Board chairman Jean Frijns resigned as of 1 October 2015.

The AFM imposed a fine of € 0.8 million for the lack of sound business practices at Delta Lloyd Asset Management, which was paid in November 2015.

Delta Lloyd is exposed to the possible risk of claims from customers concerning unit-linked insurance contracts

Following the public debate that began in 2006 around the alleged lack of transparency concerning unit-linked insurance contracts and the level of costs associated with these products, Delta Lloyd entered into agreements in 2008 and 2010 with consumer and investor interest groups (Stichting Verliespolis, Stichting Woekerpolis Claim, Vereniging van Effectenbezitters and Vereniging Eigen Huis). The agreements include a settlement on standardised charges for individual, privately-held unit-linked insurance products purchased in the past. The Wabeke recommendation was taken into account in determining the compensation. An arrangement was also made for customers in 'distressed' situations. In 2013, Delta Lloyd added the compensation directly to the policies and it is therefore included in the insurance liabilities, a method recommended by the Ministry of Finance.

Other than a very small number of complaints filed with the Financial Services Complaints Tribunal (Klachteninstituut Financiele Dienstverlening /Kifid) and one individual claim (for a very limited amount) filed in court, there are currently no claims or proceedings initiated against Delta Lloyd, individually by policyholders or by consumer-interest organisations on their behalf.

Delta Lloyd Asset Management and Delta Lloyd Levensverzekering versus Lioncross Ltd.

Delta Lloyd Asset Management (DLAM) and Delta Lloyd Levensverzekering (DLL) are involved in a legal dispute with Lioncross Ltd (Lioncross). On 19 August 2015, Lioncross sued DLAM and DLL, claiming payment of USD 29.1 million. According to Lioncross, DLAM and DLL were in breach of contractual obligations by voting against the Orca restructuring.

DLAM and DLL believe the Lioncross claim is based on forged documents. On 25 November 2015, DLAM and DLL filed their statement of defence with the competent court in Amsterdam, in which both DLAM and DLL deny any and all liability. Subsequently, the competent court of Amsterdam ordered the parties to appear in person (*comparitie van partijen*) on 24 March 2016 to provide further information and reach a settlement.

Fubon

Starting in late 2015, Delta Lloyd has received letters from counsel and representatives of Fubon, a Taipei-based financial firm that has been a substantial shareholder in Delta Lloyd since March 2015, when it participated in Delta Lloyd's accelerated book building offering. (It purchased 12 million of the 19.9 million shares sold at a price per share of € 17; Fubon has noted it later increased its stake to 16.37 million shares.) According to the AFM register of substantial holdings, Fubon has an indirect substantial interest of 5.23% of the share capital and 5.23% of the voting rights of Delta Lloyd.

In its letters, Fubon queries whether Delta Lloyd complied with its disclosure obligations, including at the time of the March 2015 offering and in the summer of 2015, and demands Delta Lloyd makes certain additional public disclosures and provides detailed information regarding, among other things, the composition of Delta Lloyd's investment portfolio and the development of Delta Lloyd's IGD and Solvency II ratios. In addition, Fubon is claiming compensation from Delta Lloyd for the entire loss in value of its investment. Fubon has noted that unless its demands are met it will have no choice but to pursue all available legal remedies.

Delta Lloyd has rejected all claims of liability.

Athene Lebensversicherung & Athene Deutschland

Several claims against Delta Lloyd have been brought forward by Athene Lebensversicherung AG (Athene Lebensversicherung), the former Delta Lloyd Lebensversicherung AG, and its parent company, Athene Deutschland GmbH (the former Delta Lloyd Deutschland AG, merged with the purchaser of Delta Lloyd Deutschland AG) (Athene Deutschland). Neither Athene Lebensversicherung nor Athene Deutschland have initiated any court proceedings against DL NV with regard to these claims as yet. Parties are currently assessing a possible settlement.

Delta Lloyd Schadeverzekering NV (DLS)/PT Consultancy BV

The claim is based on an alleged breach of contract, or act of tort, in relation to the termination of a cooperation regarding a financial product. The initial claim was for approximately € 2.4 million and has been increased to approximately € 97.0 million. PT Consultancy has sent a draft court motion to DLS, in which it requested the court's permission to hold preliminary witness hearings (*verzoek tot het houden van een voorlopig getuigenverhoor*), before it decides whether or not to start legal proceedings against DLS. As far as Delta Lloyd is aware, no formal request has yet been submitted to the court. Potential settlement options were previously discussed with PT Consultancy BV, but those settlement negotiations failed. At present, the legal basis for the extreme increase in the amount of the claim is not substantiated.

Arbitration Fidea

This dispute relates to the spin-off agreement concluded between Delta Lloyd Life and Fidea on 4 January 2013, to spin-off the Zelia insurance portfolio to Fidea. On 20 December 2013, Fidea filed a request for arbitration with respect to its claim that Delta Lloyd Life should pay to Fidea an aggregate amount of € 2.7 million, plus interest, for breach of certain obligations under the spin-off agreement.

The arbitral tribunal ruled that it has jurisdiction and competence to decide on the claims. Parties have exchanged their final submissions and await the judgement of the arbitral tribunal.

SCOR Global Life

Delta Lloyd Life and SCOR Global Life (SCOR) disagree on the interpretation of the terms regarding termination by SCOR of a Life Reinsurance contract entered into between Delta Lloyd Life and SCOR in 2009. SCOR terminated the contract on 31 July 2013. SCOR is of the opinion that the contract, after termination, remains in force until the 'natural expiry' of the remaining insurances in the portfolio, representing a contract value for SCOR of approximately € 9.0 million. Delta Lloyd Life disputes the opinion of SCOR, and refuses any continuation or damage. SCOR has initiated arbitral proceedings for damages for an amount of € 9.5 million. The arbitral proceedings began in June 2015.

Other

Delta Lloyd and several of its subsidiaries have guaranteed the overdraft and borrowings of certain subsidiaries and associates. In addition, in line with standard industry practice, various subsidiaries have, in recent years, given guarantees, indemnities and warranties in connection with disposals of subsidiaries and associates in third parties. In the opinion of Delta Lloyd, no material loss will arise in respect of these guarantees, indemnities and warranties. The nature of the guarantees and security provided does not require them to be measured in accordance with IAS 39.

4.1.7.36 Off-balance sheet positions

Off-balance sheet commitments

Contingent liabilities, including credit facilities granted and guarantees issued for the liabilities of third parties, are not recognised in the statement of financial position as their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Delta Lloyd. The amount of these obligations cannot be measured with sufficient reliability.

The maximum potential credit risk of these contingent liabilities is stated. In order to determine the maximum potential credit risk the assumption is that all counterparties will fail to meet their contractual obligations and that all collateral received has no value.

Leases

Leases in which a significant portion of the risk and reward of ownership are retained by the lessor are recognised as operating leases. Payments made as a lessee under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the lease period, unless another systematic basis is more representative of the time pattern in which users benefit. There are no material financial leases affecting Delta Lloyd as either lessor or lessee.

Contractual commitments for acquisitions of capital expenditure on investment property, and property and equipment not recognised on the statement of financial position (2014 figures include Delta Lloyd Bank Belgium and Delta Lloyd Deutschland) are as follows:

Off-balance sheet liabilities at year-end

In millions of euros	2015	2014
Investment property	20.6	9.9
Property and equipment	-	2.6
Repairs and maintenance	-	7.2
Investments	-	65.4
Outsourcing	-	2.2
Contingent liabilities	439.4	424.4
Operational lease commitments rental	130.3	81.7
Within one year	16.8	12.0
Between one and five years	65.6	31.0
More than five years	47.9	38.7
Operational lease commitments non-rental	6.4	11.5
Within one year	2.9	5.0
Between one and five years	3.5	6.5
More than five years	-	-
Total	**596.7**	**604.8**

Contingent liabilities include irrevocable facilities of € 373.1 million (2014: € 285.7 million), which mainly consist of mortgage credit, investment loans and consumer credit. The increase in irrevocable facilities is mainly related to the pipeline of mortgages, partially offset by the sale of Delta Lloyd Bank Belgium in 2015.

All the leases are eligible for renewal. There are no subleases to third parties. The increase in the operational lease commitments is caused by the sale of the subsidiary Delta Lloyd Vastgoed Kantoren, because the rental agreements for the office buildings in Amsterdam and Arnhem were included in the sale.

Off-balance sheet receivables at year-end

In millions of euros	2015	2014
Operational lease receivables rental	38.9	443.5
Within one year	5.8	65.0
Between one and five years	19.0	244.2
More than five years	14.1	134.4
Operational lease receivables non-rental	33.0	35.7
Within one year	-	-
Between one and five years	33.0	35.7
More than five years	-	-
Total	**71.9**	**479.2**

Rental receivables at year-end 2015, were € 38.9 million (2014: € 443.5 million) and related to property investments held by Delta Lloyd Life Belgium. The decrease of rental income is caused by the disposal of property investments held by Delta Lloyd Asset Management (2014: € 197.2 million); and the sale of Delta Lloyd Deutschland (2014: € 199.9 million).

The non-rental receivables of € 33.0 million due from LeasePlan and Athlon on 31 December 2015, is for the financing of the vehicle fleet of Delta Lloyd (2014: € 35.7 million). The non-rental receivables within one year regarding LeasePlan and Athlon are accounted for in the statement of financial position to a total of € 8.3 million (2014: € 8.9 million).

4.1.7.37 Fair value of assets and liabilities

Financial assets and liabilities are categorised according to the following fair value hierarchy. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

Published prices in active markets ('Level 1')
Fair value measured at level 1 only uses quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is one in which transactions take place with sufficient frequency and volume so that prices are regularly available. Examples are equity securities, bonds and investment funds listed on active markets.

Measurement method based on significant observable market inputs ('Level 2')
Fair value measured at level 2 uses inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. If an asset or liability has a given contractual term, a level 2 input variable must be observable for practically the full term of that asset or liability. Level 2 involves the following input variables:

- Quoted prices for similar (i.e. not identical) assets/liabilities in active markets;
- Input variables other than quoted prices observable for the asset (for example, interest rates and yield curves observable at customary intervals, volatility, early redemption spreads, loss ratio, credit risks and default percentages);
- Input variables arising mainly from or confirmed by observable market data by correlation or other means (market-confirmed inputs).

Examples of assets or liabilities at level 2 are financial instruments measured using discounted cash flow models. These are based on observable market swap yields (such as securitised mortgages or private interest rate derivatives), on investment property measured using observable market data and quoted debt instruments or equity securities in a non-active market.

Measurement method not based on significant observable market inputs ('Level 3')
Fair value measured at level 3 significantly uses inputs for the asset or liability that are not based on observable market data. Unobservable inputs can be used if observable inputs are not available, and so fair value can still be measured at the reporting date in situations in which there is no or almost no active market for the asset or liability. For private equity investments and private placements external broker quotes are used when the market is no longer transparent and/or liquid. These broker quotes are challenged twice a year by obtaining quotes from other brokers as well. The value of Delta Lloyd’s own broker is leading, but when the difference between the brokers is significant additional information is obtained and a best estimate is made based on all available information. Investment property is reported under level 3 if there is no active market.

A small percentage of the total assets are measured at fair value based on estimates and recorded as level 3.

The tables below show assets and liabilities measured at fair value and the total carrying value to maintain the link with the relevant statement of financial position items.

Assets at year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	55.1	72.4	-	72.4	-
Investment property	1,052.2	1,052.2	-	953.9	98.3
Debt securities	28,342.1	28,342.1	28,072.2	235.6	34.3
Equity securities	2,169.3	2,169.3	1,338.3	435.3	395.7
Derivatives	1,675.9	1,675.9	2.1	1,525.9	147.9
Loans at fair value through profit or loss	5,235.9	5,235.9	-	5,209.4	26.5
Loans and receivables at amortised cost	10,676.9	11,972.1	-	11,972.1	-
Receivables and other financial assets	1,376.8	1,416.5	25.9	1,390.5	-
Accrued interest and prepayments	539.0	539.0	397.3	141.7	0.1
Cash and cash equivalent	2,503.4	2,503.4	2,503.4	-	-
Total assets for own risk	53,626.5	54,978.7	32,339.2	21,936.9	702.7
Investments at policyholders' risk	14,604.0	14,604.0	13,863.8	660.6	79.6
Third party interests in consolidated investment funds	3,371.2	3,371.2	3,267.4	65.8	38.0
Total	**71,601.7**	**72,953.9**	**49,470.4**	**22,663.3**	**820.3**

Assets at prior year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	102.2	132.1	-	132.1	-
Investment property	1,525.6	1,525.6	-	949.2	576.4
Debt securities	28,676.9	28,676.9	28,340.1	318.2	18.7
Equity securities	2,889.5	2,889.5	1,655.1	225.4	1,009.0
Derivatives	2,239.3	2,239.3	51.9	2,024.1	163.3
Loans at fair value through profit or loss	5,525.3	5,525.3	-	5,510.5	14.8
Loans and receivables at amortised cost	9,924.4	11,013.0	-	11,013.0	-
Receivables and other financial assets	1,636.7	1,594.2	26.1	1,568.1	-
Accrued interest and prepayments	561.1	561.1	402.3	158.8	-
Cash and cash equivalent	2,642.0	2,642.0	2,642.0	-	-
Total assets for own risk	55,723.0	56,799.1	33,117.4	21,899.5	1,782.2
Investments at policyholders' risk	14,189.3	14,189.3	13,161.3	963.4	64.6
Third-party interests in investment funds	3,964.6	3,964.6	3,833.1	131.2	0.3
Total	**73,876.9**	**74,953.0**	**50,111.8**	**22,994.0**	**1,847.1**

Investments at policyholders' risk and equity securities held at own risk include investments in institutional funds, which were previously classified as level 2 due to the fact that these funds are not listed. However, the underlying assets held by these funds, are all listed, therefore a level 1 classification is more appropriate. Comparative figures have been adjusted accordingly.

Financial liabilities at year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Liabilities for investment contracts					
Liabilities for investment contracts designated at fair value	5,839.7	5,839.7	1,147.6	4,692.0	-
Liabilities for investment contracts at amortised cost	464.8	506.1	-	506.0	-
Total liabilities for investment contracts	6,304.5	6,345.8	1,147.6	5,198.1	-
Subordinated debt	1,352.4	1,442.4	1,220.7	221.7	-
Securitised mortgages loan notes					
Securitised mortgages loan notes designated at fair value	468.8	468.8	468.8	-	-
Securitised mortgages loan notes at amortised cost	1,754.4	1,769.9	1,362.5	407.4	-
Total securitised mortgages loan notes	2,223.2	2,238.7	1,831.4	407.4	-
Other borrowings					
Medium-term note	573.7	609.7	609.7	-	-
Commercial paper	164.9	164.9	164.9	-	-
Convertible loan	2.0	0.8	-	0.8	-
Total other borrowings	740.5	775.3	774.6	0.8	-
Derivatives	991.9	991.9	-	991.9	-
Customer savings and deposits	5,063.0	5,269.4	2,310.9	2,958.5	-
Other financial liabilities	122.8	122.8	-	122.8	-
Total financial liabilities for own risk	16,798.3	17,186.4	7,285.2	9,901.1	-
Investments at policyholders' risk	21.7	21.7	-	21.7	-
Third party interests in consolidated investment funds	3,371.2	3,371.2	-	3,371.2	-
Total	**20,191.2**	**20,579.2**	**7,285.2**	**13,294.1**	**-**

Financial liabilities at prior year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Liabilities for investment contracts					
Liabilities for investment contracts designated at fair value	5,670.1	5,670.1	876.4	4,793.8	-
Liabilities for investment contracts at amortised cost	484.1	537.3	-	537.3	-
Total liabilities for investment contracts	6,154.3	6,207.4	876.4	5,331.0	-
Subordinated debt	1,332.8	1,648.7	1,378.2	270.5	-
Securitised mortgages loan notes					
Securitised mortgages loan notes designated at fair value	667.5	667.5	574.0	93.5	-
Securitised mortgages loan notes at amortised cost	2,436.5	2,464.3	2,082.1	382.2	-
Total securitised mortgages loan notes	3,104.0	3,131.8	2,656.1	475.7	-
Other borrowings					
Medium-term note	573.0	631.5	631.5	-	-
Commercial paper	311.0	311.0	311.0	-	-
Convertible loan	2.0	1.1	-	1.1	-
Total other borrowings	886.1	943.6	942.5	1.1	-
Derivatives	1,174.4	1,174.4	-	1,174.4	-
Customer savings and deposits	5,812.1	6,094.4	2,915.7	3,178.7	-
Other financial liabilities	259.8	259.8	-	259.8	-
Total financial liabilities for own risk	18,723.4	19,460.2	8,768.9	10,691.2	-
Investments at policyholders' risk	16.1	16.1	-	16.1	-
Third party interests in consolidated investment funds	3,964.6	3,964.6	-	3,964.6	-
Total	**22,704.1**	**23,440.8**	**8,768.9**	**14,671.9**	**-**

The fair value of assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under the current market conditions. The way the fair value is established for each statement of financial position category is set out below.

Assets

Property and equipment, investment property and inventory of real estate projects

The fair value is assessed by qualified external appraisers, in compliance with international valuation standards published by the International Valuation Standards Committee and/or the regulations and standards in the RICS valuation standards prescribed by the Royal Institution of Chartered Surveyors.

Desktop appraisals are performed every half year and full appraisals are carried out every three years. All investment properties in the Netherlands and Belgium were fully appraised at the end of 2015. Each appraisal is independently executed by two external appraisers. The main assumptions used in property appraisals are the current leases discounted by the gross initial yield. Also taken into account as assumptions are the best estimates of future renovations and maintenance and probability of vacancy, future rent discount and re-letting expectations.

The investment property of the Dutch residential portfolio and some of the owner-occupied properties are recognised under fair value level 2 because the property appraisals are based on observable data in active markets.

The fair value of equipment is not materially different from the carrying value. The carrying value is determined by historical cost less accumulated depreciation and impairment.

Financial instruments (debt securities, equity securities and derivatives)

Quoted prices in an active market ('unadjusted, market observable prices') are sought first. If such prices are not available or if there is no active market, financial instruments are measured using input available in the market other than market prices: measurement derived from pricing. If no direct external or derived market prices are available, Delta Lloyd uses brokers' quotes. This category includes measurement based on Delta Lloyd's own measurement models (for derivative financial instruments) and statements from fund managers (for private equity investments).

Loans at fair value through profit or loss and loans and receivables at amortised cost

The fair value of loans (including mortgages) and receivables is estimated by comparing discounted future cash flows using market interest rates at the date the loan was granted against current market interest rates for similar loans and advances at the reporting date. The measurement model takes into account observable as well as non-observable inputs. As far as possible, the input for the model uses observable market data rather than unobservable data. With regard to the mortgage portfolio, observable inputs used are risk-free interest rates (swap), illiquidity/funding spreads (RMBS spreads) and an extra spread to incorporate additional market observable data (i.e. primary consumer pricing). Non-observable inputs include servicing cost, early repayment probabilities, credit spreads, and a solvency spread for future parameter uncertainty. During 2015, several improvements were made in the assumptions of these observable and non-observable parameters (see section 4.1.6.3 ‘Use of assumptions and estimates’). During 2015, also some refinements in the spread used to determine the fair value of savings mortgages were made. These refinements aim to better reflect the credit characteristics of savings mortgages. The impact of the refinements on the net result amount to € 34.1 million positive.

The loans included in each of the two different categories have similar characteristics. Therefore no separate categories are presented.

Receivables, other financial assets and cash and cash equivalents

The carrying value of receivables and other financial assets is regarded as a good approximation of the fair value, as these assets have a short-term nature.

Financial liabilities

Liabilities for investment contracts

The fair value of the provision for non-participating investment contracts is initially established through the use of prospective discounted cash flow techniques. For unit-linked contracts, the value of the liability equals the fair unit-fund value, plus additional provisions for guaranteed returns, if required. The fair value of discretionary participating investment contracts is the same as that for life insurance contracts.

Financial instruments (subordinated loans, medium-term notes, commercial paper, convertible loans)

The fair value of financial instruments presented at level 1 is recorded at the relevant market listing. The fair value of financial instruments recorded at level 2 are estimated by discounting future cash flows using the discount rate applicable for similar financial instruments at the reporting date.

Securitised mortgages loan notes

If the securitised mortgages loan notes are actively traded on the market, the quoted prices are used. If this is not the case, fair value is calculated by discounting the expected cash flows at the market interest rates.

Amounts owed to credit institutions

The fair value of amounts owed to credit institutions is not materially different from the carrying value.

Other borrowings and other financial liabilities

The carrying value of other borrowings and other financial liabilities is regarded as a good approximation of the fair value.

Investments at policyholders' risk and equity securities held at own risk include investments in institutional funds that were previously classified as level 2 due to the fact that these funds are not listed. However, the underlying assets held by these funds, are all listed, therefore a level 1 classification is more appropriate. Comparative figures have been adjusted accordingly.

The tables below offer additional information on financial instruments for which there are insufficient observable market inputs (level 3 of the fair value hierarchy).

Movement in fair value level 3 of investment property and investment at policyholders’ risk is also included in the table compared to prior year. The recurring assets and financial liabilities designated at fair value are included per class in the movement of fair value level 3. In prior year, the presentation was on the total level of assets.

Statement of changes in financial instruments/other investments within level 3 at year-end

In millions of euros	Investment property	Debt securities	Equity securities	Derivatives	Loans at fair value through profit or loss	Accrued interest and prepayments	Investments at policyholders' risk	Third party interests in consolidated investment funds	Total
At 1 January	576.4	18.7	1,009.0	163.3	14.8	-	64.6	0.3	1,847.1
Additions	6.9	23.0	39.5	13.0	11.7	0.1	30.4	37.7	162.3
Disposals	-482.8	-4.1	-590.0	-4.5	-	-	-14.4	-	-1,095.8
Changes in fair value recognised through equity	-	0.1	-40.5	-	-	-	-	-	-40.4
Changes in fair value recognised through profit and loss	-2.2	-3.4	6.9	-23.9	-	-	-1.0	-	-23.6
Transfer to held for sale	-	-	-29.2	-	-	-	-	-	-29.2
At 31 December	**98.3**	**34.3**	**395.7**	**147.9**	**26.5**	**0.1**	**79.6**	**38.0**	**820.4**

Statement of changes in financial instruments/other investments within level 3 at prior year-end

In millions of euros	Investment property	Debt securities	Equity securities	Derivatives	Loans at fair value through profit or loss	Investments at policyholders' risk	Third party interests in consolidated investment funds	Total
At 1 January	661.7	31.2	968.0	-	-	72.5	-	1,733.4
Additions	87.4	5.7	58.6	36.0	14.8	1.0	0.3	203.7
Disposals	-107.9	-19.4	-84.7	-3.0	-	-6.3	-	-221.2
Changes in fair value recognised through equity	-2.6	2.4	71.6	-	-	-	-	71.5
Changes in fair value recognised through profit and loss	-62.1	1.8	-4.5	2.5	-	-2.6	-	-64.9
Transfer into Level 3	-	-	-	127.7	-	-	-	127.7
Transfer out of level 3	-	-2.9	-	-	-	-	-	-2.9
At 31 December	**576.4**	**18.7**	**1,009.0**	**163.3**	**14.8**	**64.6**	**0.3**	**1,847.1**

The transfer to held-for-sale relates to a private equity security of € 29.2 million, see section 4.1.7.5 'Discontinued operations and assets and liabilities held for sale'.

There were no transfers from level 2 to level 1 (2014: € 103.7 million). Transfers from level 1 to level 2 amounted to € 0.5 million (2014: € 6.7 million).

There were no transfers from level 2 into level 3 (2014: € 127.7 million related to derivatives) and no transfers from level 1 to level 3 (2014: nil).

The total accumulated unrealised gains and losses on level 3 investments recognised in the income statement, which amount to € -41.0 million (year-end 2014: € -87.4 million), comprise gains and losses on investment property, debt securities, equity securities and financial assets at policyholders' risk and derivatives. These gains and losses are presented in the line item 'investment income' in the consolidated income statement.

The total accumulated unrealised revaluation of the investments on level 3 at year-end 2015, which amounts to € 91.7 million (2014: € 250.0 million), through other comprehensive income, results from debt securities and equity securities held as available for sale. These gains and losses are recognised in the 'revaluation reserve' in the consolidated statement of comprehensive income. The realised gains and losses are transferred to income statement and presented as line item 'realised gains and losses on investments classified as available for sale'. The accumulated impairment of investments on level 3 held as available for sale at year-end 2015 was € 110.4 million (2014: € 172.8 million). The impairment on the level 3 investments in 2015 is € 7.7 million (2014: € 18.1 million).

A small percentage of the total assets are measured at fair value based on estimates and recorded as level 3. Where estimates are used, these are based on a combination of evidence from independent third parties and models developed in-house, calibrated where possible against observable market input. Although such measurements can be sensitive to estimates, it is presumed that changing one or more assumptions to another reasonable alternative assumption will not significantly change the fair value.

Sensitivity analysis level 3

In millions of euros	Significant non-observable assumptions	Impact on result 2015	Impact on equity 2015	Impact on result 2014	Impact on equity 2014
Investment property	Property value + 10%	7.3	7.3	42.6	42.6
Investment property	Property value - 10%	-7.3	-7.3	-42.6	-42.6
Equity securities	Market spread + 10%	4.0	33.1	8.7	79.5
Equity securities	Market spread - 10%	-4.0	-33.1	-8.7	-79.5
Debt securities	Liquidity premium + 0.5%	0.3	0.3	0.2	0.2
Debt securities	Liquidity premium - 0.5%	-0.3	-0.3	-0.2	-0.2
Derivatives	Mortality +5%	-21.4	-21.4	-26.5	-26.5
Derivatives	Mortality -5%	19.4	19.4	0.0	0.0

Delta Lloyd adjusted the assumption pertaining to investment property values up or down by 10%, which is seen as a probable market change. The value of equity securities (private equity investments and private placements) is also calculated up or down by 10% because the underlying investments are highly diversified in terms of sector, type of investment and investment strategy. There is no one significant unobservable assumption or combination of assumptions that could be identified and used to perform a reasonably possible sensitivity analysis for this portfolio.

The comparative figure regarding the impact on equity of changes in equity securities is adjusted.

For derivatives, the sensitivity for changes in assumptions is relatively high. The table shows the impact of a 5% change in the mortality assumption on the longevity hedge.

4.1.7.38 Transferred financial assets

Securities sold under repurchase agreements are reclassified as related assets in the financial statements if the recipient is entitled by custom or contract to sell or offer the collateral as security. This obligation towards the counterparty is recognised as other liabilities to banks, bank deposits, other funds entrusted or deposits due to customers. Securities purchased under re-sale agreements (reverse repos) are recognised as loans and advances to other banks or customers. The difference between the selling price and the repurchase price is accounted for as interest using the effective interest rate method over the term of the contract. Lent securities are also recognised in the financial statements as beneficial ownership of these securities is retained.

The tables below reflect the transferred financial assets that are not derecognised in their entirety. This regards debt instruments in sale and repurchase agreements.

Delta Lloyd is not active in the securities lending market.

There are no transferred financial assets that are derecognised in their entirety with continuing involvement (2014: nil).

Transferred financial assets that are not derecognised in their entirety at year-end

In millions of euros	Mortgages at amortised cost *	Mortgages at fair value *	Equity securities and debt securities	Total 2015
Carrying amount of assets	1,318.5	1,508.5	-	2,827.0
Carrying amount of associated liabilities	-2,009.2	-568.4	-	-2,577.5
Total net carrying amount	**-690.7**	**940.1**	**-**	**249.5**
Fair value of assets	1,465.5	1,508.5	-	2,974.0
Fair value of associated liabilities	-2,024.7	-568.4	-	-2,593.0
Total net fair value	**-559.2**	**940.1**	**-**	**381.0**

* The securitised mortgages at amortised cost and securitised mortgages at fair value with their associated liabilities should be analysed together.

Transferred financial assets that are not derecognised in their entirety at prior year-end

In millions of euros	Mortgages at amortised cost *	Mortgages at fair value *	Equity securities and debt securities	Total 2014
Carrying amount of assets	3,422.8	1,982.5	805.1	6,210.4
Carrying amount of associated liabilities	-4,134.4	-1,031.6	-795.4	-5,961.4
Total net carrying amount	**-711.6**	**950.9**	**9.7**	**249.0**
Fair value of assets	3,700.5	1,982.5	805.1	6,488.1
Fair value of associated liabilities	-4,162.1	-1,031.6	-795.4	-5,989.1
Total net fair value	**-461.6**	**950.9**	**9.7**	**499.0**

* The securitised mortgages at amortised cost and securitised mortgages at fair value with their associated liabilities should be analysed together.

The carrying amount of the liabilities includes notes of the mortgage securitisation held as own book. The own book positions are eliminated for an amount of € 354.3 million (2014: € 2,181.0 million). The decrease in own book positions is mainly due to the sale of Delta Lloyd Bank Belgium (€ 1,350.3 million) and the redemption of the iArena (€ 391.2 million).

Transferred financial assets are repurchase agreements and securitisation.

Repurchase agreements

Delta Lloyd has not entered into repurchase agreements (2014: € 795.4 million).

Securitisation

Delta Lloyd does not derecognise securitised mortgages; see section 4.1.6.4 'Consolidation principles'. For more information about securitised mortgages and related liabilities see section 4.1.7.32 'Borrowings'.

4.1.7.39 Related party transactions

Services provided by related parties

In millions of euros	Expenses incurred in year 2015	Payable at year-end 2015	Expenses incurred in year 2014	Payable at year-end 2014
Employee pension plans	125.5	2,479.8	101.6	2,654.7
Total	**125.5**	**2,479.8**	**101.6**	**2,654.7**

All related party transactions are on terms equivalent to arm's length transactions.

Related party transactions mainly involve transactions with the pension fund. The main plan in the Netherlands is held in a separate foundation that has reinsured its pension obligations with the subsidiary Delta Lloyd Levensverzekering. In January 2013, Delta Lloyd Pensioenfonds decided to split its investment portfolio. The portfolio is still reinsured at Delta Lloyd Levensverzekering to a coverage ratio of 105%. The amount above 105% is invested for own risk of Delta Lloyd Pensioenfonds at Delta Lloyd Asset Management. See section 4.1.7.29 'Pension obligations' of the consolidated financial statements for additional information on the pension obligations.

Related party payables are not secured and no guarantees have been received in respect of them. The payables will be settled on normal credit terms.

Information on remuneration, interests and transactions of the members of the Executive Board and the Supervisory Board is included in the remuneration report (see section 3.3 'Remuneration report'). Within Delta Lloyd, only the Executive Board and the Supervisory Board are considered to be key management, as they respectively determine and monitor the company's operational and financial policies.

One former Executive Board member paid a penalty interest of € 71.600 because of early redemption of part of the mortgage.

The amounts disclosed in the tables below are the amounts recognised as an expense during the reporting period related to key management personnel while the disclosures provided in the Remuneration report are prepared on a cash basis.

Key management personnel compensation in the financial year

In millions of euros	Active Executive Board members	Former Executive Board members	Total Executive Board members	Supervisory Board	Total 2015
Short-term employee benefits	3.1	0.9	4.0	0.5	4.5
Post-employment benefits	0.5	0.2	0.7	-	0.7
Other long-term benefits	0.1	0.0	0.1	-	0.1
Termination benefits	-	1.5	1.5	-	1.5
Share-based payment	0.0	-0.6	-0.6	-	-0.6
Total	**3.7**	**2.0**	**5.7**	**0.5**	**6.1**

No final agreement has been reached yet about the termination conditions of the former Chief Financial Officer (CFO).

Active Executive Board members' compensation in the financial year

In thousands of euros	Hans van der Noordaa	Ingrid de Graaf	Annemarie Meijer	Emiel Roozen (until 3 August)	Onno Verstegen	Total 2015
Short-term employee benefits	932.1	676.1	394.4	391.4	669.4	3,063.3
Post-employment benefits	168.5	106.7	60.5	62.2	119.6	517.5
Other long-term benefits	28.5	17.8	11.1	10.4	17.8	85.6
Termination benefits	-	-	-	-	-	-
Share-based payment	129.2	5.9	59.7	-103.1	-90.3	1.4
Total	**1,258.3**	**806.5**	**525.7**	**360.9**	**716.5**	**3,667.8**

Former Executive Board members' compensation in the financial year

In thousands of euros	Niek Hoek	Emiel Roozen (from 3 August)	Paul Medendorp	Total 2015
Short-term employee benefits*	471.7	470.7	-7.6	934.8
Post-employment benefits	84.6	71.2	10.6	166.4
Other long-term benefits	24.0	11.8	-	35.8
Termination benefits	800.0	658.3	-	1,458.3
Share-based payment	-505.4	-34.1	-55.6	-595.1
Total	**874.9**	**1,177.9**	**-52.6**	**2,000.2**

* Includes transitional payments

Key management personnel compensation in the prior financial year

In millions of euros	Active Executive Board members	Former Executive Board members	Total Executive Board members	Supervisory Board	Total 2014
Short-term employee benefits	3.0	-	3.0	0.5	3.5
Post-employment benefits	0.7	-	0.7	-	0.7
Other long-term benefits	0.2	-	0.2	-	0.2
Termination benefits	-	-	-	-	-
Share-based payment	0.5	-	0.5	-	0.5
Total	**4.4**	**-**	**4.4**	**0.5**	**4.9**

Active Executive Board members' compensation in the prior financial year

In thousands of euros	Niek Hoek	Paul Medendorp	Ingrid de Graaf	Emiel Roozen	Onno Verstegen	Total 2014
Short-term employee benefits	815.8	571.0	403.3	629.1	606.8	3,026.0
Post-employment benefits	219.7	161.2	44.7	161.2	161.2	748.0
Other long-term benefits	54.1	40.5	16.2	22.3	22.7	155.8
Termination benefits	-	-	-	-	-	-
Share-based payment	-130.0	56.9	284.1	116.9	130.2	458.1
Total	**959.6**	**829.6**	**748.3**	**929.5**	**920.9**	**4,387.9**

From the post-employment benefits of key management, € 0.5 million relates to defined contribution plans (2014: nil).

In addition to the positions presented in the tables above, Delta Lloyd has a long-term loan with Fonds NutsOHRA. Further information about this loan is given in section 4.1.7.32 ‘Borrowings’ in the consolidated financial statements and section 4.2.1.9 ‘Subordinated debt’ in the separate financial statements.

4.1.7.40 Subsequent events

On 1 February 2016 the Supervisory Board announced that Executive Board member Onno Verstegen has decided to leave the company, in amicable agreement with Delta Lloyd. From that date, Onno Verstegen is no longer an Executive Board member.

Amsterdam, 23 February 2016

Executive Board

Hans van der Noordaa, Chairman

Clifford Abrahams

Ingrid de Graaf

Annemarie Mijer

Supervisory Board

Rob Ruijter, Chairman

André Bergen

Eric Fischer

Jan Haars

Fieke van der Lecq

Clara Streit

4.2 Separate financial statements

Separate income statement for the year ending 31 December

In millions of euros	2015	2014
Result from participating interests after tax	381.4	541.4
Other results after taxation	-253.3	-180.2
Total result after tax	**128.1**	**361.1**

Separate statement of financial position before appropriation of result

In millions of euros		2015	2014
Goodwill	I	127.3	148.5
Total intangible assets		127.3	148.5
Participating interests in Group companies	II	2,896.2	3,404.1
Participating interests with significant influence	II	77.3	92.7
Long-term loans	III	725.6	642.4
Total financial fixed assets		3,699.1	4,139.2
Total fixed assets		3,826.4	4,287.7
Debt securities		0.4	0.5
Equity securities	III	29.3	116.3
Receivables*	IV	662.4	570.5
Cash and cash equivalents		8.1	6.3
Total current assets		700.1	693.6
Total assets		**4,526.6**	**4,981.3**
Share capital	V	45.7	39.9
Share premium	V	837.1	505.9
Other statutory reserves	V	4.8	0.2
Revaluation reserve	V	301.6	648.8
Other reserves	V	1,248.4	908.9
Equity compensation plan	V	3.2	3.5
Unallocated profit / (loss)	V	128.1	361.1
Total shareholders' funds	V	2,568.9	2,468.4
Provisions	VI	14.3	144.3
Subordinated debt	VII	881.9	880.8
Long-term borrowings	VIII	573.7	573.0
Total long-term liabilities		1,469.9	1,598.1
Other liabilities*	IX	487.8	914.8
Total liabilities		1,957.7	2,512.9
Total shareholders' funds and liabilities		**4,526.6**	**4,981.3**

* Comparative figures have been reclassified to represent the net deferred tax position (see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications').

4.2.1 Notes to the separate financial statements

4.2.1.1 Accounting policies

The separate financial statements of Delta Lloyd NV have been prepared in accordance with the legal requirements of Part 9 of Book 2 of the Dutch Civil Code. As the income statement of Delta Lloyd NV for 2015 is incorporated in the consolidated financial statements, only an abridged company income statement is presented pursuant to Section 2:402 of the Dutch Civil Code.

The option to use the same accounting policies in the separate financial statements as in the consolidated financial statements, as described in section 2:362 of the Dutch Civil Code, has been exercised. Consequently, the accounting policies in the separate financial statements are the same as those presented in the consolidated financial statements, except for the following:

Subsidiaries and associates

Subsidiaries and associates in which Delta Lloyd has a controlling interest are measured at the net asset value. The net asset value is determined by measuring the assets, provisions and liabilities, and calculating the net result using the same accounting policies as applied in the consolidated financial statements.

4.2.1.2 Financial impact of changes in accounting policies and reclassifications

During the third quarter of 2015, Delta Lloyd reviewed the presentation of its tax positions and decided, in line with IAS 12, to reclassify certain deferred tax positions to provide a better view of the net deferred tax position. There is no impact on shareholder's funds nor on result. The reclassification relating to certain deferred tax positions as at 31 December 2014 is presented in the line item Receivables (deferred tax assets), which decreased by an amount of € 1.2 million and in line item Other liabilities (deferred tax liabilities), which also decreased by an amount of € 1.2 million.

4.2.1.3 (I) Goodwill

The carrying value on 31 December 2015 is € 127.3 million (2014: € 148.5 million).

The impairment test that was performed for Cyrte Investments resulted in an impairment of the full goodwill amount in 2015 amounting to € 21.2 million. The main reason is a decrease with respect to future inflow of new money and the distribution from the Cyrte funds during 2015 leading to an overall lower assets under management base for Cyrte Investments. Assets under management is the main driver for the management fees to be earned.

4.2.1.4 (II) Participating interests

Movements in participating interests and associates

In millions of euros	Participating interests in Group companies	Participating interests with significant influence	Total
At 1 January 2014	3,142.2	2.1	3,144.3
Additions	-	15.9	15.9
Share of result after tax	541.4	-	541.4
Withdrawn dividend	-234.1	-	-234.1
New equity capital	387.1	-	387.1
Amount recognised directly in equity	-432.5	-0.1	-432.6
Transfer from investments	-	74.8	74.8
At 31 December 2014	**3,404.1**	**92.7**	**3,496.8**
At 1 January 2015	3,404.1	92.7	3,496.8
Additions	0.0	-	-
Disposals	-524.1	-19.7	-543.8
Share of result after tax	374.5	6.8	381.4
Withdrawn dividend	-155.4	-1.7	-157.2
Amount recognised directly in equity	-202.9	-0.8	-203.6
At 31 December 2015	**2,896.2**	**77.3**	**2,973.6**

Restrictions on dividend distributions relate to minimum capital requirements.

In 2015, the Group company Delta Lloyd Treasury BV was transferred from Delta Lloyd Asset Management Holding BV to Delta Lloyd NV. The net asset value amounted close to nil at the moment of transfer.

Of the total disposals of participating interest in Group companies (totalling € 524.1 million), € 348.0 million is related to the sale of Delta Lloyd Bank Belgium, € 175.8 is related to the sale of Delta Lloyd Deutschland and € 0.3 concerns the sale of WRE Vermögensverwaltung in 2015.

The disposal of participating interests with significant influence fully relates to the sale of Dasym Investments IX. The remaining participating interest mainly consists of Van Lanschot NV amounting to € 76.8 million.

List of major Group companies at year-end

The major Group companies in which Delta Lloyd NV has an interest (100% unless otherwise stated) are:
Holding
Delta Lloyd Houdstermaatschappij Verzekeringen NV (Amsterdam)
Delta Lloyd Bank NV (Amsterdam)
Delta Lloyd Houdstermaatschappij België BV (Amsterdam)
Delta Lloyd ABN AMRO Verzekeringen Holding BV (51%) (Zwolle)
Delta Lloyd Services BV (Amsterdam)
Amstelhuys NV (Amsterdam)
Delta Lloyd Asset Management Holding BV (Amsterdam)
Delta Lloyd Treasury BV (Amsterdam)
Life
Delta Lloyd Levensverzekering NV (Amsterdam)
Delta Lloyd Vastgoed Fonds NV (Amsterdam)
Delta Lloyd Life NV (Brussels, Belgium)
ABN AMRO Levensverzekering NV (51%) (Zwolle)
BeFrank NV (Amsterdam)
Investment funds
Delta Lloyd Investment Fund NV (95.4%) (Amsterdam)
Delta Lloyd Mix Fonds (99.6%) (Amsterdam)
Delta Lloyd Rente Fonds (81.3%) (Amsterdam)
Delta Lloyd Fixed Umbrella (between 50.9% and 94.5%) (Amsterdam)
Delta Lloyd Luxemburg (Sicav: between 5.5% and 72.6%) (Luxemburg, Luxemburg)
General
Delta Lloyd Schadeverzekering NV (Amsterdam)
Delta Lloyd Schadeverzekering Volmachtbedrijf BV (Amsterdam)
ABN AMRO Schadeverzekering NV (51%) (Zwolle)

The list pursuant to Sections 379 and 414 of Book 2 of the Dutch Civil Code has been filed with the Chamber of Commerce in Amsterdam.

4.2.1.5 (III) Investments

Statement of changes in loans

In millions of euros	2015	2014
At 1 January	642.4	210.1
Additions	105.2	480.0
Disposals	-15.0	-47.7
Impairment losses	-	0.0
Other adjustments	-7.0	-
At 1 December	**725.6**	**642.4**

At year-end 2015 as well as prior year-end, all loans can be classified as long-term loans.

Of the total loans valuated at amortised cost (2015: € 725.6 million, 2014: € 642.4 million), € 665.0 million relates to intercompany loans with Group companies (2014: € 642.0 million). The fair value of the non-intercompany loans is € 60.6 million (2014: € 0.4 million).

An amount of € 665.0 million (2014: € 642.0 million) of the long-term loans was held by subsidiaries and associates. Of the long-term loans held by subsidiaries and associates € 665.0 million (2014: € 642.0 million) is subordinated. In 2015, new loans issued to Group companies were for € 75.0 million to Delta Lloyd Life NV and for € 30.0 million to Delta Lloyd Bank NV.

As in 2014, there were no arrears on interest or repayments.

Statement of changes in investments in equity securities

In millions of euros	2015	2014
At 1 January	116.3	77.0
Additions	-	116.3
Disposals	-87.8	-0.1
Fair value gains and losses	0.8	-2.2
Transfer to participating interests	-	-74.8
At 31 December	**29.3**	**116.3**
Cumulative impairment losses	-35.4	-42.4

The remaining balance of equity securities almost fully relates to a private equity portfolio that is classified as assets held for sale in the consolidated statement of financial position. See section 4.1.7.5 'Discontinued operations and assets and liabilities held for sale' for information on assets classified as held for sale. The sale of this portfolio is expected to be finalised in the first quarter of 2016.

4.2.1.6 (IV) Receivables

Receivables at year-end

In millions of euros	2015	2014*
Receivables from Group companies	498.7	469.4
Receivables and other financial assets	48.4	0.4
Accrued interest and prepayments	52.2	24.5
Tax assets (see section IX 'Other liabilities')	63.1	76.1
Total	**662.4**	**570.5**

* Comparative figures have been reclassified to represent the net deferred tax position (see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications').

At year-end 2015, all receivables are due within one year except for a deferred payment of € 46.7 million (receivables and other financial assets) related to the sale of a part of the private equity portfolio. This amount will be settled within two years.

Accrued interest and prepayments include € 22.8 million (2014: € 21.9 million) from Group companies.

4.2.1.7 (V) Equity

Statement of changes in equity

In millions of euros	2015	2014
Share capital		
At 1 January	39.9	38.4
Issues of shares	4.0	-
Final dividend	0.9	0.8
Interim dividend	0.9	0.7
At 31 December	45.7	39.9
Share premium		
At 1 January	505.9	507.4
Issues of shares	333.1	-
Final dividend	-1.0	-0.8
Interim dividend	-0.9	-0.7
At 31 December	837.1	505.9
Other statutory reserves		
At 1 January	0.2	0.2
Result on participating interest in prior year	541.4	244.6
Transfer to other reserves	-471.8	427.3
Other direct equity movements in participating interest	90.5	-437.8
Dividends received from participating interests	-155.4	-234.1
At 31 December	4.8	0.2
Revaluation reserves		
At 1 January	648.8	660.6
Movements in the value of investments	-0.8	-17.0
Movements in the value of participating interests	-346.5	5.3
At 31 December	301.6	648.8
Other reserves		
At 1 January	908.9	1,227.9
Transfer from other statutory reserves	471.8	-427.3
Dividends received from participating interests	155.4	234.1
Prior year result of the holding company excluding result on participating interests	-180.2	-61.2
Final dividend paid	-62.7	-41.3
Interim dividend paid	-50.2	-24.2
Change in treasury shares	2.4	2.3
Change in conditional shares granted	-0.1	-1.4
Actuarial gains and losses of subsidiaries sold transferred to retained earnings	-2.1	-
Revaluation reserve of property sold transferred to retained earnings	5.2	-
At 31 December	1,248.4	908.9
Equity compensation plan	3.2	3.5
Result for the year	128.1	361.1
Total shareholders' funds	**2,568.9**	**2,468.4**

Share capital

Issued shares are fully paid-up and each share gives the bearer the right to cast one vote.

Statement of changes in ordinary shares

Numbers	2015	2014
At 1 January	199,330,887	191,797,530
Issue of shares	19,933,087	-
Stock dividend	9,350,638	7,533,357
At 31 December	**228,614,612**	**199,330,887**

Delta Lloyd issued 19,933,087 new ordinary shares on 16 March 2015, priced at € 17.00 each. This resulted in an increase in equity of € 337.1 million, after deducting costs net of tax (€ 1.8 million). On 30 November 2015, Delta Lloyd announced its intention to launch a rights issue in 2016 to raise up to € 1.0 billion of additional equity capital (see section 4.1.7.21 'Share capital' in the consolidated financial statements).

Convertible preference shares A

The convertible preference shares A carry a fixed dividend of 2.76%. Fonds NutsOHRA holds all 10,021,495 preference shares A and is entitled to convert these cumulative preference shares A on a one-to-one basis up to 6,510,748 shares per annum. The conversion price is € 30.84 (2014: € 30.94) per ordinary share less € 0.20 (the nominal value of the convertible preference shares A).

Preference shares B

The preference shares B are protective preference shares. The preference shares B have not been issued but there is an option agreement with Stichting Continuïteit Delta Lloyd (see section 3.4 'Corporate governance'), a foundation that is legally and administratively independent of Delta Lloyd. Stichting Continuïteit Delta Lloyd has a call option to acquire protective preference shares B in Delta Lloyd NV for an indefinite period. The maximum to be acquired equals 100% of the share capital in issue in the form of ordinary shares and preference shares A immediately prior to the exercise of the call option, minus one share. This will entitle it to 49.9% of the voting rights after the issuance of such shares.

On acquisition, at least one quarter of the nominal value must be paid up on each preference share B. The call for a further payment on preference shares B shall be made pursuant to a resolution of the Executive Board of Delta Lloyd NV. Such a resolution shall be subject to the approval of the Supervisory Board. Delta Lloyd believes that the call option is not material as meant by IAS 1.31 since there is a very small probability of the call option being exercised. In the highly exceptional circumstances in which the call option would be exercised, these preference shares B would, in all probability, be cancelled within a very short time. The option is, therefore, not recognised in the financial statements nor is any additional information presented to pursuant IAS 32 and IAS 39.

Share premium

This reserve includes amounts received from the issuance of shares in excess of their nominal value. The movement in 2015 is attributable to the issue of new shares in March 2015 and a stock dividend charge. The share premium is freely distributable to the relevant class of shareholders (holders of preference shares A and ordinary shareholders) to the amount they have paid in.

Revaluation reserve

The revaluation reserve recognises unrealised value changes in investments available for sale, less the related deferred tax liability. It includes direct movements in the equity of associates that also cannot be distributed without restrictions.

Other statutory reserves

This reserve includes the associates' reserve, which is the profit from subsidiaries and associates. It is not freely distributable, partly because of solvency requirements imposed on subsidiaries and associates. The result of the subsidiary is transferred to the other reserves if the subsidiary has a negative equity.

Other reserves

The category ‘Other reserves’ includes the result of the company, treasury shares held directly and indirectly and transfers out of the associates reserve due to the dividends received from subsidiaries and associates. These reserves are freely distributable.

4.2.1.8 (VI) Provisions

Statement of changes in provisions

In millions of euros	Restructuring provisions	Employee share option plan	Other provisions	Total
At 1 January 2014	11.4	6.1	-	17.5
Additional provision made in the year	4.7	-	134.0	138.7
Withdrawal provision during the year	-9.3	-2.6	-	-11.9
Movement in provisions	-4.6	-2.6	134.0	126.8
At 31 December 2014	**6.8**	**3.5**	**134.0**	**144.3**
At 1 January 2015	6.8	3.5	134.0	144.3
Additional provision made in the year	11.3	-	165.8	177.1
Withdrawal during the year	-8.3	-2.6	-296.1	-307.0
Movement in provisions	3.0	-2.6	-130.3	-129.9
At 31 December 2015	**9.8**	**0.8**	**3.7**	**14.3**

Of the restructuring provisions at year-end 2015, € 9.2 million relate to restructuring of the commercial and IT activities following the goal setting for the updated strategy ‘Closer to the customer’.

On 22 July 2015, the sale of Delta Lloyd Bank Belgium was finalised. As a result the provision for onerous contracts of € 142.0 million was withdrawn. Compared to year-end 2014, the provision for onerous contracts increased from € 134.0 million to € 142.0 million, the difference being the result of Delta Lloyd Bank Belgium (€ -5.0 million) until 22 July, and a reduction in the sales price (€ 13.0 million).

On 15 January 2015, Delta Lloyd announced the sale of its German Life business to Athene Holding, which resulted in a provision for onerous contracts of € 158.4 million at that date. This provision decreased during the course of 2015 to a total amount of € 154.1 million due to result and other equity movements. The sale was finalised on 1 October 2015. As a result, the provision of onerous contracts of € 154.1 million was withdrawn.

The expected funds outflow of the provisions are € 9.8 million for the restructuring provisions, € 0.5 million for the employee share option plan and € 3.7 million for the other provisions within a year.

4.2.1.9 (VII) Subordinated debt

The following table provides information on the composition of the company's subordinated debt and preference shares. Both loans have terms of more than five years.

Subordinated debt at year-end

In millions of euros	2015	2014
Subordinated debt	879.9	878.8
Preference shares	2.0	2.0
Total subordinated debt	**881.9**	**880.8**

In 2014, Delta Lloyd placed a € 750.0 million fixed-to-floating-rate subordinated note transaction. The fair value of the subordinated perpetual loan at year-end 2015 was € 634.5 million (2014: € 724.5 million). The notes were issued under the existing Delta Lloyd EMTN programme. The notes qualify as higher supplementary capital for Delta Lloyd under IGD. Standard & Poor's Ratings Services has assigned a BBB-rating to the notes.

Perpetual subordinated loan notes with an initial interest rate of 2.5% were issued to finance the acquisition of Nuts OHRA Beheer BV in 1999. The notional amount at year-end 2015 was € 404.7 million (2014: € 404.7 million) and the carrying amount was € 136.0 million (2014: € 136.0 million). The interest rate on the notes was 2.76% at year-end 2015 (2014: 2.76%) and the fair value of the subordinated loan was € 209.2 million (2014: € 270.5 million). On 6 November 2015, Delta Lloyd and Stichting Fonds NutsOhra came to an amendment agreement regarding the convertible subordinated loan. The changes consider primarily the interest payments (deferral thereof) and redemption restrictions for a maximum of three years. The amendment is at the request of Delta Lloyd so the loan can be accounted for as additional capital under Solvency II rules. As compensation for the amendment of the terms Stichting Fonds NutsOhra is entitled to a maximum of € 22.5 million if the maximum three-year restriction term is used. This compensation will be amortised to the income statement over the restriction term.

In the event of bankruptcy, subordinated loans rank lower than other liabilities but higher than preference and other shareholders. The perpetual subordinated loan extended to Stichting Fonds NutsOHRA ranks below other subordinated loans.

4.2.1.10 (VIII) Long-term borrowings

The long-term borrowings relate to the EMTN programme that was issued in 2010.

Statement of changes in borrowings

In millions of euros	2015	2014
At 1 January	573.0	572.4
New borrowings drawn down, net of expenses	0.7	0.6
At 31 December	**573.7**	**573.0**

None of the long-term borrowings fall due within one year and € 573.7 million (2014: € 573.0 million) falls due within five years. The average interest rate on this loan is 4.25% (2014: 4.32%).

4.2.1.11 (IX) Other liabilities

Other liabilities at year-end

In millions of euros	2015	2014*
Tax liabilities	25.4	19.8
Accrued interest	33.7	33.7
Amount owed to Group companies	105.3	299.2
Credit on demand	320.6	558.8
Other	2.8	3.4
Total	**487.8**	**914.8**

* Comparative figures have been reclassified to represent the net deferred tax position (see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications').

As in 2014, all other liabilities are payable within one year.

Tax assets and liabilities at year-end

In millions of euros	2015	2014*
Current tax assets	27.3	32.2
Deferred tax assets	35.8	43.9
Total tax assets	63.1	76.1
Current tax liabilities	25.4	19.8
Total tax liabilities	25.4	19.8
Net tax asset	**37.7**	**56.4**

* Comparative figures have been reclassified to represent the net deferred tax position (see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications').

Delta Lloyd NV is the parent company of the Delta Lloyd tax entity. In 2015, € 11.8 million of the deferred tax relates to unused tax losses (2014: € 20.1 million).

Deferred tax assets and liabilities at year-end

In millions of euros	2015	2014
Unrealised gains and losses on investments	0.2	0.2
Unused tax losses	11.8	20.1
Other temporary differences	23.9	23.6
Net deferred tax asset	**35.8**	**43.9**

Statement of changes in deferred tax assets / liabilities

In millions of euros	2015	2014
At 1 January	43.9	25.7
Amounts charged/credited to result	-137.1	212.2
Transfer tax assets within tax entity	129.0	-194.0
At 31 December	**35.8**	**43.9**

The company does not have unrecognised tax losses.

4.2.1.12 (X) Related party transactions

Services provided to related parties

In millions of euros	Income earned in year 2015	Receivable at year-end 2015	Income earned in year 2014	Receivable at year-end 2014
Subsidiaries	251.8	1,186.5	245.6	1,133.4
Total	**251.8**	**1,186.5**	**245.6**	**1,133.4**

Services provided by related parties

In millions of euros	Expenses incurred in year 2015	Payable at year-end 2015	Expenses incurred 2014	Payable at year-end 2014
Subsidiaries	37.4	557.5	40.4	857.9
Total	**37.4**	**557.5**	**40.4**	**857.9**

The related party transactions concern intercompany loans between the holding and Group companies, and the related interest. All related party transactions are at arm's length.

Information on directors' remuneration is included in the remuneration report (see section 3.3 'Remuneration report 2015') and section 4.1.7.39 'Related party transactions'. Within Delta Lloyd, only the Executive Board and the Supervisory Board are considered to be key management, as they are respectively responsible for determining and monitoring the operational and financial policies.

Related party payables are not secured and no guarantees have been received in respect of them. The payables will be settled on normal credit terms. There are no arrears of interest or repayments.

4.2.1.13 (XI) Off-balance sheet commitments

Off-balance sheet commitments at year-end

In millions of euros	2015	2014
Contingent liabilities	4.8	4.8
Total	**4.8**	**4.8**

4.2.1.14 (XII) Employee information

Average number of employees (FTE) during the year

Number in FTE	2015	2014
Permanent staff	1,052	1,060
Temporary staff	238	223
Total	**1,290**	**1,283**

Staff costs for the financial year

In millions of euros	2015	2014
Salaries	72.4	68.8
External staff	45.7	43.9
Social security contributions	8.9	9.7
Pension and post-retirement expenses	33.0	-13.6
Profit sharing and incentive plans	1.3	2.7
Termination benefits	4.0	0.9
Care	1.0	1.4
Other staff costs	13.9	13.9
Total	**180.3**	**127.6**

Details of the remuneration of directors and the Supervisory Board members are given in section 3.3 ‘Remuneration report 2015’ and section 4.1.7.39 ‘Related party transactions’ of the consolidated financial statements.

All staff members are employed by Delta Lloyd Services BV. The costs included in the table above represent recharges to the company from Delta Lloyd Services BV. The recharges are based on allocated staff numbers relating to the Executive Board, corporate staff departments and include all related expenditures.

Pension expenses were negative in 2014 due to past service costs related to the retrenchment of the pension plan. Furthermore, the pension expenses are higher due to the lower discount rate at the beginning of 2015 compared to the beginning of 2014.

4.2.1.15 (XIII) Audit fees

Audit fees in the financial year

In millions of euros	2015	2014
Audit of the financial statements	3.6	2.8
Other audit services	0.9	0.1
Other non-audit services	-	-
Total	**4.6**	**2.9**

4.2.1.16 Subsequent events

On 1 February 2016 the Supervisory Board announced that Executive Board member Onno Verstegen decided to leave the company, in amicable agreement with Delta Lloyd. From that date, Onno Verstegen is no longer an Executive Board member.

Amsterdam, 23 February 2016

Executive Board

Hans van der Noordaa, Chairman

Clifford Abrahams

Ingrid de Graaf

Annemarie Mijer

Supervisory Board

Rob Ruijter, Chairman

André Bergen

Eric Fischer

Jan Haars

Fieke van der Lecq

Clara Streit

4.3 Other information

4.3.1 Dividends and appropriation of result

Delta Lloyd may by law only pay dividend if the share capital and reserves so permits.

Profit appropriation provisions in the articles of association

Article 44, relating to the appropriation of result, if appropriate here, specifies that, first of all, a percentage dividend shall be paid on the preference shares B equal to the average 1-month Euribor plus a premium set by the Executive Board and approved by the Supervisory Board of at least one percentage point but no more than four percentage points, depending on market conditions. The dividend shall be computed on the paid-up part of the nominal amount. If the profit is insufficient to pay this dividend in full, the shortfall shall be distributed from the reserves, except the dividend reserve A and the share premium A (article 44.1).

From the profit remaining after the dividend paid on the preference B shares, a dividend of 2.76% on the paid-up amount of the issued preference shares A shall be added to the dividend reserve A (and if applicable, on the dividend reserve A and the share premium A). If the profit in the year under review is insufficient to make the addition to the dividend reserve A, the provisions below shall not be implemented until the shortfall is extinguished (article 44.2).

From the profit not distributed and added to the dividend reserve A pursuant to articles 44.1 and 44.2, such additions shall be made to reserves as determined by the Executive Board, subject to the approval of the Supervisory Board (article 44.3).

The profit remaining after the above (articles 44.1, 44.2 and 44.3) shall be at the disposal of the General Meeting of Shareholders.

The General Meeting of Shareholders may, on a proposal of the Executive Board approved by the Supervisory Board, resolve that a dividend be paid in full or in part in ordinary shares of the company and not in cash (article 44.9).

Proposed dividend

No final dividend payment will be declared over 2015, besides the interim dividend paid of € 0.42 per ordinary share.

Appropriation of result

Upon approval of the proposed dividend by the General Meeting of Shareholders, the appropriation of result shall be:

Appropriation of result

In millions of euros	2015	2014
Addition to/withdrawal from (-) other reserves	34.1	145.1
Dividend on ordinary shares	94.0	216.1
Total	**128.1**	**361.1**

4.3.2 Independent auditor's report

To: the Shareholders and the Supervisory Board of Delta Lloyd NV

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Delta Lloyd NV (the Company or the Group), based in Amsterdam as set out in section 4.1 and 4.2. The financial statements include the consolidated financial statements and the separate financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Delta Lloyd NV as at 31 December 2015, and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
- The separate financial statements give a true and fair view of the financial position of Delta Lloyd NV as at 31 December 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2015
- The following statements for 2015: consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' funds and consolidated cash flow statement and
- The notes comprising a summary of the significant accounting policies and other explanatory information

The separate financial statements comprise:

- The separate statement of financial position as at 31 December 2015
- The separate income statement for 2015 and
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in Our responsibilities for the audit of the financial statements section of our report.

We are independent of Delta Lloyd NV in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality	€42 million
Benchmark used	1.5% of Delta Lloyd NV's Shareholders' funds
Rationale for the benchmark applied	Delta Lloyd NV's equity and solvency, and the ability to pay dividends and meet policyholder liabilities, are key indicators for the users of its financial statements. As such, we have based materiality on the Delta Lloyd NV's Shareholders' funds.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €2.1 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Delta Lloyd NV is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Delta Lloyd NV.

Our group audit mainly focused on significant group entities which represent the principal business units within the Group's reportable segments and account for approximately 97% of the Group's total shareholders' funds and approximately 91% of the Group's profit before tax. We have:

- Performed audit procedures at group entities: Delta Lloyd Levensverzekering, Delta Lloyd Schadeverzekering, Delta Lloyd Asset Management Holding, Delta Lloyd Bank, Amstelhuys, Delta Lloyd ABN AMRO Verzekeringen Holding, Delta Lloyd Life Belgium
- Performed review procedures at Delta Lloyd Bank Belgium
- Used the work of non-EY auditors when performing review procedures on entity Delta Lloyd Germany and
- Performed review procedures or specific audit procedures at the other group entities

The Delta Lloyd Group audit team provided detailed instructions to each component team to serve as the basis for audit procedures to be performed, which included areas of audit emphasis. We also executed oversight visits to select component teams and engaged in regular communication intended to confirm that the audit progress and findings for each of the in-scope locations were discussed between the Delta Lloyd Group audit team and the component team. By performing the procedures mentioned above at group entities, together with the procedures at Delta Lloyd Group level, we have been able to obtain sufficient and appropriate audit evidence regarding the Group's financial information as a whole to provide a basis for our opinion on the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our audit response
Fair value measurement of investments and related disclosures	
The Group invests in various asset classes, of which 81% is carried at fair value in the balance sheet. Of these assets, 17% is related to investments for which no published prices in active markets are available (e.g. for mortgages, real estate, private equity investments, derivatives and for non-listed bonds or equities). Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. With regard to Level 3 assets, the use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Risk management disclosure about methods and assumptions is complex and its quality is dependent on the underlying data. Specific areas of audit focus include the valuation of fair value assets where valuation techniques are applied in which unobservable inputs are used.	We assessed and tested the design, existence and operating effectiveness of the controls over valuation, including independent price verification and model approval. We performed additional procedures for areas of higher risk and estimation such as mortgages, real estate, private equity investments, derivatives and non-listed bonds or equities with the assistance of our valuation specialists. This included, where relevant, comparison of judgments made to current and emerging market practice and re-performance of valuations on a sample basis. We also assessed the impact of other sources of fair value information including gains or losses on disposal. Finally, we assessed and tested the design, existence and operating effectiveness of the controls over related disclosures including fair value hierarchy and valuation sensitivity in note 4.1.7.37.

Key audit matter	Our audit response
Estimates used in calculation of insurance liabilities, DAC and Liability Adequacy Test (LAT)	
The Group has significant insurance liabilities of € 46 billion representing 65% of the Group's total liabilities. The measurement of insurance liabilities involves significant judgment over uncertain future outcomes, mainly the ultimate total settlement value of the insurance liabilities, including any guarantees provided to policyholders. Various economic and non-economic assumptions are being used to estimate these long-term liabilities. Specifically, the Group uses current market interest rates to measure the insurance liabilities for most of its products in the Netherlands and Belgium (life and long tail non-life). The Group uses the Collateralized AAA curve as approximation for current market interest rates, including an Ultimate Forward Rate (UFR) after the last liquid point. The valuation of the insurance liabilities in relation to the Netherlands' and Belgium life and pension business requires the application of significant judgment in the setting of longevity, expense and lapse assumptions. For Delta Lloyd Life Belgium, the adequacy test shows a deficit and, consequently, is the LAT minimum is the basis for valuation of its insurance liabilities. Therefore, changes in estimates and assumptions used in the liability adequacy test directly impact the income statement.	We involved our own actuarial specialists in performing the audit procedures in this area, which included among others: • Consideration of the representativeness of the Collateralized AAA curve as current market interest, by reviewing developments in the universe of the collateralized AAA bonds and developments in the public domain. • Consideration of the appropriateness of the longevity, expense and lapse assumptions used in the valuation of the individual life and pension liabilities by reference to Company and industry data and expectations of future longevity, expense and lapse developments. Further, we audited the Group's IFRS liability adequacy test results which is a key test performed in order to ensure that insurance liabilities, net of deferred acquisition cost, are adequate. Our work on the IFRS LAT includes assessing the reasonableness of the projected cash flows and challenging the assumptions adopted, including those for expenses and lapses, based on Company's and industry experience data, expected market developments and trends. Key audit procedures included assessing the Group's methodology for calculating the insurance liabilities and an assessment of internal controls in this respect, including the analysis of the movements in insurance liabilities during the year. We assessed whether the movements are in line with the changes in assumptions adopted by the Group, our understanding of developments in the business and our expectations derived from market experience. We considered whether the Group's disclosures in notes 4.1.7.28 and 4.1.7.25 of the financial statements regarding the insurance contract liabilities are compliant with the relevant accounting requirements.

Key audit matter	Our audit response
Solvency	
IGD/Solvency I	
In the capital management section (section 4.1.7.2) of the financial statements, the Company discloses the capital position of its insurance activities in accordance with Solvency I which was effective as at 31 December 2015. These disclosures contain information on the capital position of the Group on a regulatory basis (IGD) compared to IFRS. In the calculation of the Solvency I ratio of the Group, the surplus between the fair value and book value of the mortgage portfolio of the insurance entities within the Group is taken into account. The determination of fair value of the mortgage portfolio is sensitive to the assumptions used, especially the discount rate, which requires the application of judgment.	We involved our actuarial specialists in performing our audit procedures with regard to the Solvency I calculation, which included among others consideration of the fair value methodology applied for the mortgages portfolios, the models used, and the assumptions applied. We assessed the design and operating effectiveness of the internal controls over the IGD calculation. This included interpretation of guidelines, comparison of judgments made to current and emerging market practice and re-performance of calculations on a sample basis.
Solvency II	
In its report, the Executive Board of the Group also provided information on its capital position under the new supervisory regime Solvency II, which came into force on 1 January 2016. The Solvency II ratio mentioned in that report is based on the Standard Formula. As disclosed in section 2.1 of the Report of the Executive Board, there continue to be some uncertainties in the interpretation of the Solvency II requirements. These uncertainties can materially impact the Solvency II ratio disclosed.	We involved our actuarial specialists to assist us in performing limited procedures on the information on Solvency II ratio disclosed in the Report of the Executive Board. Our procedures focused on technical provisions and deferred taxes under Solvency II. We did not perform audit procedures in order to provide assurance on the ratio disclosed.

Key audit matter	Our audit response
Unit-linked exposure	
Following the public debate that began in 2006 around the lack of transparency concerning unit-linked insurance contracts sold in the Netherlands where the customer bears all or part of the investment risk and the level of costs associated with these products, the Group entered into agreements in 2008 and 2010 with consumer and investor interest groups. The agreements include the implementation of standardized charges for individual, privately-held unit-linked insurance products concluded in the past. In 2013, the “Wabeke” provision was allocated to the individual policies and included in the insurance liabilities. Management informed us that - besides a very small number of complaints filed at the Klachteninstituut Financiële Dienstverlening (Kifid) and one individual claim filed in court - there are currently no claims filed or proceedings initiated against the Group, individually by policyholders or by consumer-interest organizations on their behalf. However, holders of unit-linked products, or consumer protection organizations on their behalf, have filed claims or initiated proceedings against other insurers and may continue to do so. A negative outcome of such claims and proceedings in respect of unit-linked products, settlements or any other actions for the benefit of customers by other insurers and sector-wide measures could have a significant impact for the Group relating to compensation. It is inherently difficult to predict the outcome of these developments and the impact on the insurance sector as a whole, including the Group.	We performed audit procedures in this area, which included: • An assessment of the Group’s governance, processes and internal controls with respect to unit-linked customer complaints within its operating companies, in particular for Delta Lloyd Levensverzekering in the Netherlands. • A review of and discussion on the documentation of the unit-linked exposures with management; • Consideration of the recognition and measurement requirements for establishing provisions under the Group’s accounting framework. We also considered whether the Group’s disclosures in respect of this legal exposure is compliant with the relevant accounting requirements. We focused on the adequacy of disclosure of the related risks and assumptions in notes 4.1.7.25 and 4.1.7.35 to the financial statements.

Key audit matter	Our audit response
Investigations of De Nederlandse Bank and Authority for the Financial Markets	
De Nederlandsche Bank (DNB) and Autoriteit Financiële Markten (AFM), as regulatory authorities in insurance and financial markets in the Netherlands, undertook investigations in relation to the Group's internal risk and governance rules. Based on these investigations, regulatory authorities concluded on some faults in the Group's internal risk and governance rules in particular in relation to execution of investment transactions. Delta Lloyd has disclosed the fine and court ruling related to these investigations in note 4.1.7.35.	We assessed the legal documentation related to the matter, including the ruling of the court, and the correspondence of regulators and advisors to determine the impact on our audit. We evaluated the changes to governance and the internal control environment implemented by the Group. As part of our audit we assessed and tested the design, existence and operating effectiveness of the related internal controls. In addition we performed substantive testing of a sample of significant investment transactions. Also we verified the accounting of the fine in accordance with the Group's policies. We assessed the adequacy of the disclosure of this matter, including the fine in note 4.1.7.35 in accordance with the relevant accounting requirements.
Reliability and continuity of electronic data processing	
Delta Lloyd is strongly dependent on its IT-infrastructure for the continuity of the business processes. In the last few years, Delta Lloyd invested in the improvement of IT-hardware, systems and processes, and the security, reliability and continuity of electronic data processing including its defense against cyber-attacks. Delta Lloyd has IT disaster recovery plans and a twin data center concept in place that were tested in 2015. Reference is made to note 4.1.7.1 of the financial statements.	We assessed the reliability and continuity of electronic data processing only to the extent necessary within the scope of the audit of the financial statements. Our work consisted of assessing the developments in the IT infrastructure and applications and testing of relevant internal controls related to IT infrastructure, applications and IT management processes.

Responsibilities of management and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Report of the Executive Board and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the Other information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Audit Committee of the Supervisory Board as auditor of Delta Lloyd NV on 14 May 2008 and have operated as statutory auditor since that date.

Amsterdam, 23 February 2016

Ernst & Young Accountants LLP

Signed by J. Niewold

14. DELTA LLOYD ARTICLES OF ASSOCIATION

14.1 Delta Lloyd Articles of Association after Settlement

Full text of the articles of association of Delta Lloyd N.V. as they read since the execution of the deed of full amendment of the articles of association of the company before Dirk-Jan Jeroen Smit, civil law notary, officiating in Amsterdam, the Netherlands, on [*] 2017.

Please note that this is an unofficial office translation, in which an attempt has been made to be as literal as possible without jeopardizing the overall continuity. Inevitably, differences may occur in translation, and if so, the Dutch text will by law govern.

ARTICLES OF ASSOCIATION:
CHAPTER 1.

Article 1. Definitions.

1.1 In these Articles of Association, the following terms are defined as follows:

Share means a share in the capital of the Company. Unless the contrary is evident, this includes each Ordinary Share as well as each Preference Share A.

Shareholder means a holder of one or more Shares.

Auditor means a chartered accountant or other accountant as referred to in Section 2:393 of the Dutch Civil Code, or an organization within which such accountants practice.

General Meeting means the body of the Company consisting of those in whom as shareholder or otherwise the voting rights on shares are vested or a meeting of such persons (or their representatives) and other persons holding Meeting Rights.

Supervisory Director means a member of the Supervisory Board.

Subsidiary means a subsidiary of the Company as referred to in Section 2:24a of the Dutch Civil Code.

Euroclear Netherlands means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., acting under the trade name Euroclear Nederland, being the central institution as referred to in the Securities Bank Giro Transaction Act (*Wet giraal effectenverkeer*).

Ordinary Share means an ordinary Share in the capital of the Company.

Deposit Shares means Ordinary Shares which are included in the Statutory Giro System of the Securities Bank Giro Transaction Act.

Deposit Shareholder means a person holding book-entry rights representing a number of deposit shares through a deposit account with an intermediary, in accordance with the Securities Giro Transactions Act (*Wet giraal effectenverkeer*).

Group Company means a legal entity or company affiliated with the Company in a group within the meaning of Section 2:24b of the Dutch Civil Code.

Intermediary means an intermediary as referred to in the Securities Giro Transactions Act (*Wet giraal effectenverkeer*).

Preference Share A means a preference share A in the capital of the Company.

Executive Board means the executive board of the Company.

Supervisory Board means the supervisory board of the Company.

Distributable Equity means the part of the Company's equity which exceeds the aggregate of the issued and paid-up part of the share capital and the reserves which must be maintained pursuant to the law.

Company means the company, the internal organization of which is governed by these Articles of Association.

Meeting Rights means the right to be invited to General Meetings and to speak at such meetings, as a Shareholder or as a person to whom these rights have been attributed in accordance with Article 16 and Article 17.

Statutory Giro System means the giro system as referred to in the Dutch Securities Giro Act (*Wet giraal effectenverkeer*).

1.2 A message **in writing** means a message transmitted by letter, by telecopy, by e-mail or by any other means of electronic communication provided the relevant message or document is legible and reproducible, and the term **written** shall be construed accordingly.

1.3 References to **Articles** refer to Articles which are part of these Articles of Association, except where expressly indicated otherwise.

1.4 The Executive Board, the Supervisory Board, the General Meeting as well as the meeting of holders of Shares of a particular class of Shares each constitutes a distinct body of the Company.

1.5 References in these Articles of Association to the meeting of holders of Shares of a particular class will be understood to mean the body of the Company consisting of the holders of Shares of the relevant class or (as the case may be) a meeting of holders of Shares of the relevant class (or their representatives) and other persons entitles to attend such meetings.

1.6 Unless the context otherwise requires, words and expressions contained and not otherwise defined in these Articles of Association bear the same meaning as in the Dutch Civil Code. References in these Articles of Association to the law are references to provisions of Dutch law as it reads from time to time.

CHAPTER 2. NAME, SEAT AND OBJECTS.

Article 2. Name and seat. Structure.

2.1 The name of the Company is: Delta Lloyd N.V.

2.2 Its registered office is situated in Amsterdam, the Netherlands.

Article 3. Objects.

3.1 The company's objects are:

(a) to participate or to acquire interests in any other way in enterprises, to manage or exercise supervision of enterprises and to provide services to enterprises, with special reference to enterprises engaged in the insurance business or rendering other financial services.

(b) to perform all acts which directly or indirectly may be conductive to such objects.

3.2 In realizing its objects the Company shall exercise management directed at promoting in the best way possible and in a well-balanced manner the interests of those who are directly or indirectly interested in the Company.

CHAPTER 3. AUTHORIZED CAPITAL AND SHARES.

Article 4. Capital. Registered Shares.

4.1 The authorized capital amounts to one hundred eighty-five million four hundred seventy-three thousand twenty-two euro (EUR 185,473,022), divided into:

(a) nine hundred twelve million three hundred sixty-five thousand one hundred and ten (912,365,110) Ordinary Shares of twenty euro cents (EUR 0.20) each; and

(b) fifteen million (15,000,000) Preference Shares A of twenty euro cents (EUR 0.20) each.

4.2 Preference Shares A are convertible into Ordinary Shares if so resolved upon the first issuance of Preference Shares A by the competent corporate body authorized to issue Shares. The conditions of conversion were determined upon the first issuance of the Preference Shares A. The conversion will take place by virtue of a resolution of the meeting of holders of Preference Shares A in compliance with the conditions of the conversion as determined at the first issue.

4.3 The Shares are registered. Share certificates shall not be issued.

Article 5. Deposit Shares.

5.1 An Ordinary Share shall be designated a Deposit Share by means of transfer or issuance to Euroclear Netherlands or an Intermediary, together with a written statement indicating that the Share is a Deposit Share. The Deposit Share shall be registered in the Company's register of Shareholders in the name of Euroclear Netherlands or the Intermediary concerned, together with a written statement indicating that the Share is a Deposit Share.

5.2 Deposit Shareholders shall not be registered in the Company's register of Shareholders.

5.3 For the purpose of these Articles of Association, Deposit Shareholders shall be considered Shareholders and their rights in respect of Deposit Shares shall be considered Shares, unless the context of these Articles of Association or the law requires otherwise.

Article 6. Register of Shareholders.

6.1 The Company shall keep a register in which the names and addresses of holders of Ordinary Shares and Preference Shares A are recorded, showing the date on which the Shares were acquired, the date of acknowledgement by or serving on the Company and the amount paid-up on each Share.

The names and addresses of pledgees and usufructuaries of Shares shall also be entered in the register of Shareholders, showing the date on which the right was acquired and the date of acknowledgement by or serving on the Company, as well as showing the rights attaching to the Shares which they are entitled to in accordance with subsections 2 and 4 of Sections 2:88 and 2:89 of the Dutch Civil Code.

6.2 In the event Shares have been transferred to an Intermediary for the admission into a collective deposit or to Euroclear Netherlands for the admission into a giro depot, the name and address of the Intermediary or Euroclear Netherlands respectively, shall also be entered in the register of Shareholders, showing the date on which those Shares were admitted, the date of acknowledgement by or serving on the Company and the amount paid-up each Share.

6.3 Each Shareholder, each pledgee of Shares and each usufructuary of Shares is required to give his address to the Company in writing as well as each amendment thereto.

6.4 All entries and notes in a register of Shareholders shall be signed by a member of the Executive Board or another person authorized to do so by the Executive Board.

6.5 On application by a Shareholder or a pledgee or usufructuary of Shares, the Executive Board shall furnish an extract from the register of Shareholders, free of charge, insofar as it relates to the applicant's right in respect of a Share.

6.6 Section 2:85 of the Dutch Civil Code also applies to the register.

6.7 If a Shareholder, usufructuary or pledgee or another person holding Meeting Rights provided the Company with an electronic address in order to record this electronic address in the register, jointly with the other details specified in Article 6.1, this electronic address is considered to be provided with the purpose of electronically receiving all notifications, announcements and statements as well as, in respect of Shareholders and other persons holding Meeting Rights, notices to convene a General Meeting. A notification sent electronically must be legible and reproducible.

6.8 The provisions referred to in Article 6 afore are not applicable to a Deposit Shareholder.

CHAPTER 4. ISSUE OF SHARES.

Article 7. Issue of Shares. Body Competent to Issue Shares.

7.1 The General Meeting may pass resolutions to issue Shares, unless the Executive Board is designated thereto by the Articles of Association or pursuant to a resolution of the General Meeting. If the Executive Board is designated to do so as the competent corporate body, it shall resolve on the issuances of shares, subject to the approval of the Supervisory Board.

7.2 The General Meeting or the Executive Board shall determine the price and further conditions of issuance, in accordance with the relevant provisions in these Articles of Association.

7.3 If the Executive Board is designated as being competent to resolve on the issue of Shares, on such designation the number of Shares of each class which may be issued must be specified. This may be expressed in a percentage of the issued capital. On such designation the term of the designation shall be determined, which may not exceed five years. The designation may be extended, from time to time, for a period not exceeding five years. Unless the designation provides otherwise, it may not be withdrawn.

7.4 A resolution to issue Preference Shares A, requires the approval of the meeting of holders of Preferences Shares A, regardless of which body is competent to issue.

7.5 Within eight days of a resolution of the General Meeting to issue Shares or to designate the Executive Board, the Executive Board shall file a full text thereof at the offices of the Commercial Register, where the Company has been registered.

7.6 The provisions of the Articles 7.1 to 7.5 shall apply by analogy to the granting of rights to subscribe to Shares, but shall – with the exception of the last sentence of Article 7.5 – not apply to the issue of Shares to persons exercising a previously granted right to subscribe to Shares.

Shares shall never be issued below par, without prejudice to the provisions laid down in Section 2:80, subsection 2 of the Dutch Civil Code.

7.7 If it has been announced what amount will be issued and only a lower amount will be subscribed, such lower amount will only be subscribed if this is explicitly determined by the conditions of the issue.

Article 8. Pre-emptive rights.

8.1 Upon issuance of Ordinary Shares, each holder of Ordinary Shares shall have a right of pre-emption in proportion to the aggregate nominal value of its Ordinary Shares. He shall not have a pre-emptive right upon the issuance of Preference Shares A.
Furthermore, he will not hold a pre-emptive right to Shares to be issued against a contribution other than in cash, or to Shares which are issued to employees of the Company or of a Group Company.

8.2 With due observance to the provisions of this Article 8, the General Meeting shall at the time of the resolution to issue Shares determine the manner in which and the period during which the pre-emptive right may be exercised. If the Executive Board is designated as the body competent to issue Shares, such shall be determined by the Executive Board with approval of the Supervisory Board.

8.3 The Company shall announce the issue with pre-emptive rights, and the period in which it can be exercised, in the Government Gazette (*Staatscourant*) and in a national daily newspaper.
Pre-emptive rights can be exercised during at least two weeks following the announcement in the Government Gazette.

8.4 Pre-emptive rights may be limited or excluded pursuant to a resolution of the General Meeting. In the proposal in respect thereof, the reasons for the proposal and the selection of the intended issue price shall be explained in writing.
With the approval of the Supervisory Board, pre-emptive rights may also be limited or excluded by the Executive Board if designated by the Articles of Association or in a resolution of the General Meeting as being authorized to limit or exclude pre-emptive rights for a specified period not exceeding five years; such designation can only be effected if the Executive Board has also been, or is simultaneously, designated as referred to in Article 7.1.
The designation may be extended for no longer than five years at a time.
The designation only applies as long as a designation, as referred to in Article 7.1, is in force.
Unless specified otherwise at the time of the designation, the designation cannot be revoked.

8.5 Within eight days of such resolution, the Executive Board shall file a full text thereof with the offices of the Commercial Register.

8.6 If rights are granted to subscribe for Shares, the Shareholders shall have a right of pre-emption; the provisions above in this Article 8 shall apply by analogy. Shareholders shall not have a pre-emptive right on Shares issued to a person exercising a previously acquired right to subscribe for Shares.

Article 9. Payment on Shares.

9.1 Notwithstanding the provisions of Section 2:80, subsection 2 of the Dutch Civil Code, upon subscription of each Ordinary Share and each Preference Share A, the full nominal value thereof must be paid-up, and, in addition, if the Share is issued at a higher amount, the difference between such amounts.

9.2 Payments made on Preference Shares A above the nominal amount create the share premium reserve A. Distributions out of the reserve can only benefit the holders of Preference Shares A and can only be made on the proposal of the Executive Board as approved by the Supervisory Board and by the meeting of holders of Preference Shares A, provided that, if with due observance to the provisions of Article 13 a resolution is adopted to cancel all at the time of the resolution outstanding Preference Shares A, the share premium reserve A will be distributed to the holders of Preference Shares A, such in proportion to the Preference Shares A held by each of them.

Article 10. Payment in cash.

10.1 Payment on a Share shall be made in cash, unless a different contribution has been agreed upon.

10.2 Payment in foreign currency can only be made subject to the consent of the Company.

10.3 Payments for Shares are furthermore subject to the provisions of Sections 2:80 and 2:80a of the Dutch Civil Code.

Article 11. Contribution in kind.

11.1 The Executive Board is entitled to enter into legal acts regarding contribution on Shares other than in cash and into the other legal acts specified in Section 2:94 of the Dutch Civil Code, without the prior approval of the General Meeting.
The resolution of the Executive Board will require the approval of the Supervisory Board. The substance of these legal acts shall be laid down in the annual accounts on the financial year in which they have been performed.

11.2 The Sections 2:80b and 2:94b of the Dutch Civil Code are applicable to contribution on Shares other than in cash.

CHAPTER 5. OWN SHARES. CAPITAL REDUCTION.

Article 12. Own shares.

12.1 When issuing Shares, the Company may not subscribe for its own Shares.

12.2 The Company may acquire fully paid-up Shares or depositary receipts thereof, provided either no valuable consideration is given, or:

(a) the Distributable Equity is at least equal to the purchase price; and

(b) the nominal amount of the Shares in its capital or depositary receipts thereof to be acquired, held or held in pledge by the Company and of the Shares or depositary receipts thereof held by its Subsidiaries does not exceed half of the issued capital.

Decisive for the requirement under (a) will be the amount of the equity in accordance with the latest adopted balance sheet, reduced by the purchase price for the Shares in the capital of the Company, the amount of loans referred to in Section 2:98c, subsection 2 of the Dutch Civil Code and distributions from profits or reserves to third parties becoming due from the Company and its Subsidiaries after the balance sheet date.

If more than six months of a financial year have lapsed without the annual accounts having been adopted, acquisition in accordance with provisions in this Article 12.2 shall not be allowed.

12.3 Acquisition in a way other than for no consideration can only take place if the General Meeting has authorized the Executive Board to this effect. This authorization will apply during a maximum period of eighteen months. In this authorization the General Meeting shall determine how many Shares or depositary receipts thereof can be acquired, how they can be acquired and between what limits the price must be.

12.4 The Company may acquire its own Shares or depositary receipts thereof in order to transfer them, pursuant to a regulation to that effect, to staff employed by the Company or by a Group Company.

12.5 The foregoing provisions of this Article 12 shall not apply to Shares or depositary receipts thereof which the Company acquires by universal title of succession.

12.6 Subject to the approval of the Supervisory Board, the Executive Board shall resolve to alienate the Shares acquired by the company in its own capital. No pre-emptive right shall exist in respect of such alienation.

12.7 The Company cannot derive any right to any distribution from Shares in its own capital; nor shall it derive any right to such distribution from Shares for which it holds the depositary receipts.

The Shares referred to in the previous sentence shall not be included in the calculation of the profit appropriation, unless such Shares or the depositary receipts for such Shares are subject to a usufruct for the benefit of a party other than the Company.

12.8 No voting rights may be exercised for any Share held by the Company or a Subsidiary, unless the Shares are subject to the right of usufruct or a pledge in favor of a company other than the Company or a Subsidiary, the other company is entitled to the voting rights on the Shares and the right of pledge has been created by a company other than the Company or Subsidiary. Nor may the Company or a Subsidiary exercise voting rights for Shares in the capital of the Company in respect of which the Company or Subsidiary has a right of usufruct or a pledge.

No voting rights can be exercised for Shares for which the Company or a Subsidiary holds the depositary receipts.

For the purposes of determining whether a specific part of the capital is represented at the meeting or whether a majority represents a specific part of the capital, the capital shall be reduced by the value of the Shares for which no voting rights can be exercised.

12.9 The Company may only take in pledge its own Shares or depositary receipts thereof if:

(a) the relevant Shares have been fully paid up;

(b) the nominal value of its own Shares and depositary receipts for Shares to be taken in pledge and those already held or already taken in pledge does not exceed half of the issued capital; and

(c) the General Meeting has approved the pledge agreement.

Article 13. Capital reduction.

13.1 The General Meeting may resolve to reduce the Company's issued capital:

(a) by cancellation of Shares; or

(b) by reducing the nominal value of Shares, to be effected by an amendment of these Articles of Association, provided that the issued capital or the paid-up part thereof does not become less than prescribed in Section 2:67 of the Dutch Civil Code.
The Shares concerned shall be designated in such resolution and provisions for the implementation of such resolution shall be made therein.

13.2 A resolution to cancel Shares can only relate to:
(a) Shares held by the Company itself or of which it holds the depositary receipts; or
(b) all Preference Shares A with repayment.

13.3 Reduction of the amount of the Shares without repayment and without release from the obligation to pay-up the Shares shall take place proportionately on all Shares of the same class. The requirement of proportion may be deviated from with the consent of all Shareholders concerned.

13.4 Partial repayment on Shares or release from the obligation to make payments will only be possible for the purpose of execution of a resolution to reduce the nominal amount of the Shares. Such repayment or release shall take place:
(a) with regard to all Shares; or
(b) with regard to all Preference Shares A or all Ordinary Shares.

13.5 Preference Shares A shall be cancelled against repayment of the amounts paid-up on these Preference Shares A and of any dividend still lacking, if any, to be calculated time-proportionately up to and including the day of payment with due observance to the provisions of Article 42, after deduction of interim dividend.

13.6 A resolution to cancel the outstanding Preference Shares A requires the approval of the meeting of holders of Preference Shares A.

13.7 Furthermore, the provision of the Sections 2:99 and 2:100 of the Dutch Civil Code are applicable to capital reduction.

CHAPTER 6. TRANSFER. SHARE TRANSFER RESTRICTIONS.

Article 14. Transfer.

14.1 The transfer of rights a Shareholder holds with regard to Shares included in the Statutory Giro System must take place in accordance with the provisions of the Securities Giro Transactions Act (*Wet giraal effectenverkeer*).

14.2 The transfer of Shares not included in the Statutory Giro System requires an instrument intended for such purpose and, save when the Company itself is a party to such legal act, the written acknowledgement by the Company of the transfer. The acknowledgment on the instrument or on a copy or extract thereof and signed as a true copy by a civil law notary or the transferor. Official service of such instrument or such copy or extract on the Company is considered to have the same effect as an acknowledgement.

14.3 The acknowledgement shall be signed with due observance to the provisions on representation of Article 20.

14.4 A transfer of Shares from the Statutory Giro System is subject to the restrictions of the Securities Giro Transactions Act (*Wet giraal effectenverkeer*) and is further subject to approval of the Executive Board.

Article 15. Share Transfer Restrictions Preference Shares A.

15.1 For every transfer of Preference Shares A the approval will be required of the Executive Board after consultation with the Supervisory Board.
The approval will be issued in writing, and stipulate the name and the address of the intended acquirer.

15.2 If the approval is refused, the Executive Board will be obligated to simultaneously designate one or more prospective buyers who will be prepared and able to buy all Preference Shares A to which the request refers against payment in cash at a price to be set in mutual consultation by the alienator and the Executive Board with two months after that designation.

15.3 If within three months after receipt by the Company of the request for approval of the intended transfer the alienator has not received from the Company a written notification or a timely refusal of approval has not been accompanied simultaneously by the designation of one or more prospective buyers as referred to in Article 15.2, the approval will be deemed to have been granted after the end of the period specified or after receipt of the notification of refusal respectively.

15.4 If within two months after the refusal of the approval no agreement has been reached between the alienator and the Executive Board about the price referred to in Article 15.2, this price will be set by (a) an expert to be designated by the alienator, (b) an expert to be designated by the

Executive Board and (c) an expert to be designated by the experts referred to afore under sub (a) and (b).
If the expert referred to under sub (c) has not been designated within three months after the refusal of the approval he will be designated by the chairperson of the Dutch Professional Organization of Accountants, on request of any interested party.

15.5 the alienator will have the right to refrain from the transfer, provided he informs the Executive Board about this in writing within one month after both the name(s) of the designated prospective buyer(s) and the fixed price have been brought to his knowledge.

15.6 In case of approval for transfer in the sense of Article 15.1 or Article 15.3 the alienator shall be authorized to transfer all Preference Shares A, to which his request referred, to the acquirer named in the request for a period of three months after this approval, provided that if a price fixing as referred to in Article 15.4 has been effected and the alienator and the acquirer named in the request agree then upon a lower price than set on the basis of Article 15.4, the alienator should inform the Company about this within one month after which the Executive Board may yet designate one or more prospective buyers who are able and prepared to purchase all the Preference Shares A to which the request referred against cash payment at that lower price.
The alienator will also have the right to refrain from the transfer, provided he notifies the Executive Board about this in writing within one month after he has been informed about the name of the prospective buyer(s).

Article 16. Usufruct.

16.1 The Shareholder shall have the right to vote on Shares subject to a usufruct. However, the usufructuary shall have the right to vote if so determined upon the establishment of the usufruct. A Shareholder without the right to vote and a usufructuary with the right to vote shall have the rights conferred by law upon the holders of Meeting Rights. A usufructuary without the right to vote shall not have the rights referred to in the preceding sentence.

16.2 The Shareholder shall have the rights attached to the Share on which an usufruct has been established with respect to the acquisition of Shares, provided that he shall compensate the usufructuary for the value of these rights to the extent that the latter is entitled thereto under his right of usufruct.

Article 17. Pledge.

17.1 The Shareholder shall have the right to vote on Shares subject to a pledge. However, the pledgee shall have the right to vote if so determined upon the establishment of the pledge. A Shareholder without the right to vote and a pledgee with the right to vote shall have the rights conferred by law upon the holders of Meeting Rights. A pledgee without the right to vote shall not have the rights referred to in the preceding sentence.

17.2 Preference Shares A cannot be pledged.

17.3 Holders of depositary receipts for Shares are not entitled to Meeting Rights, unless the Company explicitly granted these rights by a resolution to that effect of the Executive Board which is approved by the Supervisory Board.

CHAPTER 7. EXECUTIVE BOARD.

Article 18. Executive Board.

18.1 The Company shall be managed by an Executive Board consisting of two or more members.

18.2 The General Meeting shall determine the number of members of the Executive Board.
In the event of one or more vacancies on the Executive Board, it shall remain competent even if it should consist of one member only.

18.3 The General Meeting will appoint the members of the Executive Board.[1]
The General Meeting will appoint one of the members of the Executive Board to be chairman of the Executive Board. It may also appoint one of the members to be the substitute chairman.

18.4 The General Meeting shall not dismiss a member of the Executive Board other than after the Supervisory Board has been given the opportunity to be heard about the proposed dismissal.
The General Meeting shall give such member of the Executive Board as it proposes to dismiss, the opportunity to represent his case to the General Meeting which will be heard on the proposed dismissal.

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[1] Removal from these Articles of Association of references to the 'Works Council' is part of generally removing the provisions concerning the large company regime (*structuurregime*) and such is not intended to affect the statutory rights of the works council under Dutch law.

18.5 The General Meeting or the Supervisory Board may suspend a member of the Executive Board at any time. A suspension may be extended once or several times but may not last longer than six months.

18.6 The Executive Board will appoint a person as secretary of the Company, with the prior approval of the Supervisory Board.

18.7 Without prejudice to the relative provisions laid down elsewhere in these Articles of Association, the approval of the Supervisory Board will be required for resolutions of the Executive Board relating to:

(a) issue and acquisition of Shares in and debentures at the expense of the Company or debentures at the expense of a limited partnership or general partnership of which the Company is a fully liable partner;

(b) co-operation in the issue of depositary receipts;

(c) application for the quotation or withdrawal of the quotation of the documents referred to under (a) and (b) to do business on a regulated market or a Multilateral Trading Facility as referred to in Article 1:1 of the Financial Supervision Act (*Wet op het financieel toezicht*) or a system comparable to a regulated market or a Multilateral Trading Facility of a state which is not a Member State or an application for the withdrawal of such quotation;

(d) the entering into or discontinuation of permanent co-operation of the Company or a Subsidiary with another legal entity or company or as fully liable partner in a limited partnership or general partnership if such co-operation or discontinuation is of material significance to the Company;

(e) the taking of a participation to a value of at least one fourth of the amount of the issued capital with the reserves in accordance with the balance sheet and explanatory notes of the Company, by the Company or a Subsidiary in the capital of another company and the significant increase or decrease of such a participation;

(f) investments requiring an amount equal to a least one quarter of the issued capital plus the Company's reserves according to its balance sheet and explanatory notes;

(g) a proposal to amend the Articles of Association;

(h) a proposal to dissolve the Company;

(i) the filing of a petition for bankruptcy and application for suspension of payment;

(j) termination of the employment contract of a substantial number of employees of the Company or of a Subsidiary simultaneously or within a short space of time;

(k) significant change in the working conditions of a considerable number of employees of the Company or of a Subsidiary;

(l) a proposal to reduce the issued capital;

(m) a proposal for merger or demerger within the meaning of Title 7, Book 2 of the Dutch Civil Code;

(n) the adoption of the operational and financial objectives of the Company, the adoption of the strategy that is drawn up to achieve these objectives and adoption of the parameters to be applied with respect to the strategy, as well as the specific corporate social responsibility issues;

(o) a transaction involving a conflict of interest of a member of the Executive Board with the Company and which is of a material interest to the company and/or the relevant member;

(p) the acceptance by a member of the Executive Board of a membership of the Supervisory Board of a company of which the shares or depositary receipts thereof have been admitted to a regulated market as referred to in Article 1:1 of the Financial Supervision Act;

(q) any amendment to the dividend policy.

18.8 The approval of the General Meeting will be required for resolutions of the Executive Board relating to a major change to the identity or the nature of the Company or the enterprise, including in any case:

(a) transfer of the enterprise or almost the entire enterprise to a third party;

(b) entering into or termination of a long-lasting co-operation between the Company or a subsidiary with another legal entity or company or as fully liable partner of a general or limited partnership, if this co-operation or termination is of far-reaching consequence to the Company;

(c) acquisition or divestment of a participation in the capital of a company with a value of at least one third of the amount of the assets reflected in the balance sheet and explanatory notes or, if the Company prepares a consolidated balance sheet, reflected in the consolidated balance sheet and explanatory notes, according to the lastly adopted annual accounts of the Company, by it or a Subsidiary.

18.9 The absence of an approval of the Supervisory Board and the General Meeting that is prescribed by this Article 18 of a resolution of the Executive Board will not affect the representative authority of the Executive Board or its members.

Article 19. Allocation of duties; passing of resolutions.

19.1 The Executive Board shall allocate its duties by mutual arrangement and notify such arrangement to the Supervisory Board.

19.2 The Executive Board will lay down by-laws containing rules as regards the manner in which its meetings are conducted, the passing of resolutions by the Executive Board, as well as its working methods. Such by-laws shall, prior to determination, be submitted to the Supervisory Board.

19.3 A member of the Executive Board may not participate in deliberating and decision-making within the Executive Board if, with respect to the matter concerned, he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. If, for this reason, no Executive Board resolution can be adopted, this resolution will be adopted by the Supervisory Board.

Article 20. Representation.

20.1 The Executive Board is authorized to represent the company. The authority to represent the Company is also vested in each two members of the Executive Board acting jointly.

20.2 The Executive Board may appoint officers with general or limited power to represent the company. Each officer shall be competent to represent the Company, subject to the restrictions imposed on him. The Executive Board shall determine each officer’s title. The authority of an officer thus appointed may not extend to any transaction where the Company has a conflict of interest with the officer concerned or with one or more members of the Executive Board.

Article 21. Vacancy or inability to act.

21.1 For each vacant seat on the Executive Board, the Supervisory Board can determine that it will be temporarily occupied by a person (a stand-in) designated by the Supervisory Board. Persons that can be designated as such include (without limitation) Supervisory Board members, it being understood that a Supervisory Board member so designated will retain his position as member of the Supervisory Board. The Executive Board will be given the opportunity to provide advice before a stand-in is designated.

21.2 If and as long as one or more seats on the Executive Board are vacant, the management of the Company will be temporarily entrusted to the person or persons who (whether as a stand-in or not) do occupy a seat in the Executive Board. If and as long as all seats are vacant and no seat is temporarily occupied, the Supervisory Board will be temporarily entrusted with the management of the Company.

21.3 When determining to which extent Executive Board members are present or represented, consent to a manner of adopting resolutions, or vote, stand-ins will be counted-in and no account will be taken of vacant seats for which no stand-in has been designated.

21.4 For the purpose of this Article 21, the seat of an Executive Board member who is unable to perform his duties (*belet*) will be treated as a vacant seat.

Article 22. Remuneration Executive Board.

22.1 The Company shall have a policy in respect of the remuneration of the Executive Board. The policy shall be proposed by the Supervisory Board and adopted by the General Meeting. The remuneration policy shall at least include the subjects referred to in Sections 2:383c through 2:383e of the Dutch Civil Code, to the extent they relate to the Executive Board.

22.2 The authority to determine the remuneration and further terms of employment for members of the Executive Board shall be vested in the Supervisory Board, with due observance to the policy referred to in Article 22.1. With regard to Share plans or rights to subscribe for Shares, the Supervisory Board shall submit a proposal to the General Meeting for approval. Such proposal shall at least determine the number of Shares or rights to subscribe for Shares that may be awarded to the Executive Board and what criteria apply to any award or change.

CHAPTER 8. SUPERVISORY BOARD.

Article 23. Supervisory board.

23.1 The Company has a Supervisory Board, consisting of at least three Supervisory Directors. The Supervisory Board shall, in consultation with the Executive Board, determine the number of Supervisory Directors with due observance to this minimum. Should the number of supervisory Directors be less than three, the Supervisory Board shall take measures forthwith to supplement the number of Supervisory Directors.

23.2 Only individuals can be Supervisory Directors.

23.3 The Supervisory Board shall adopt a profile for its size and composition, taking into account the nature of the business, its activities and the desired expertise and background of the Supervisory Directors. The supervisory Board shall discuss the profile for the first time at the time of adoption and subsequently upon every modification thereof at the General Meeting.

Article 24. Appointment of Supervisory Directors.

The Supervisory Directors shall be appointed by the General Meeting.

Article 25. Retirement of Supervisory Directors.

25.1 A Supervisory Director shall retire no later than on the day of the first General Meeting held after four years have elapsed since his appointment.

25.2 Supervisory Directors shall retire periodically in accordance with a rotation plan to be prepared by the Supervisory Board. No change in the rotation plan may cause an incumbent Supervisory Director to retire against his will before the term for which he was appointed has elapsed.

Article 26. Dismissal and suspension of Supervisory Directors.

26.1 Each Supervisory Director may be suspended or dismissed at any time by the General Meeting. The General Meeting shall not dismiss a Supervisory Director other than after the Supervisory Board has been given the opportunity to be heard about the proposed dismissal.
The General Meeting shall give such Supervisory Director as it proposes to dismiss, the opportunity to represent his case to the General Meeting which will be heard on the proposed dismissal.

26.2 In case of a suspension of Supervisory Director, the Executive Board shall have to convene a General Meeting to extend or discontinue the suspension (or dismissal) of the relevant Supervisory Director. If the suspension is not extended (and the Supervisory Director is also not dismissed), the relevant Supervisory Director will have been reinstated. A suspension may only be extended once, and for no longer than three months.

Article 27. Remuneration members Supervisory Board.

The General Meeting shall determine the remuneration of each Supervisory Director.

Article 28. Duties and powers of the Supervisory Board. Committees. Meetings.

28.1 It shall be the duty of the Supervisory Board to oversee the Executive Board’s management and the general course of affairs in the Company and the enterprise connected therewith, including the manner in which the rights accruing from participation in other companies are exercised.
The Supervisory Board shall assist the Executive Board in an advisory capacity.
In discharging their duties the members of the Supervisory Board shall be guided by the interests of the Company and the enterprise connected therewith.

28.2 The Executive Board shall supply the Supervisory Board in due time with the information necessary for the discharge of its duties.

28.3 The Executive Board shall inform the Supervisory Board at least once a year in writing of the main aspects of the strategic policy, the general and financial risks and the management and control system of the Company.

28.4 The Supervisory Board shall have access to the buildings and grounds of the Company and is authorised to inspect the Company’s books and documents. The Supervisory Board may appoint one or more persons among its midst or an expert to exercise these competencies. Also in other circumstances, the Supervisory Board may seek assistance by experts. Costs of these experts shall be borne by the Company.

28.5 Any information called for by the Supervisory Board shall be furnished to it by the Executive Board.

28.6 With due observance to these Articles of Association, the Supervisory Board will lay down by-laws containing further rules as regards the manner in which its meetings are conducted and the passing of resolutions by the Supervisory Board. The members of the Supervisory Board may furthermore divide their tasks, whether or not by regulations.

28.7 The Supervisory Board may appoint from its members one or more permanent and/or ad hoc committees.

The Supervisory Board shall in any case appoint from its members an audit committee, a remuneration committee, a risk committee and a nomination committee. The task of the committees is to prepare the decision-taking of the Supervisory Board. The Supervisory Board shall formulate regulations for each committee, indicating the task and responsibility of the committee concerned, its composition and in what manner the committee will exercise its task.

28.8 The Supervisory Board shall appoint from its members a chairman and one or more deputy chairmen.

The Supervisory Board will be assisted by the secretary of the Company.

28.9 The Supervisory Board shall meet whenever the chairman, another member or the Supervisory Board or a member of the Executive Board shall deem such necessary.

A member of the Supervisory Board may be represented by another member of that Board by an authorisation in writing.

The members of the Executive Board shall attend the meetings of the Supervisory Board unless the latter decides otherwise.

28.10 Minutes of the business transacted at the meetings of the Supervisory Board shall be recorded by one of its members designated for the purpose by the chairman.

Upon a proposal by the chairman the meeting may also designate someone out of its midst to record the minutes.

After approval by the Supervisory Board the minutes shall be signed by the person acting as chairman at the meeting where approval was given and by another member of the Supervisory Board present at the meeting.

28.11 The Supervisory Board shall pass its resolutions by an absolute majority of votes. In the event of a tie in votes the chairman will have a deciding vote.

28.12 The Supervisory Board may pass a resolution without holding a meeting if all the members of that Board are in agreement with this manner of adopting resolutions.

A memorandum of this agreement and of the resolution thus passed shall be drawn up by a member of the Supervisory Board designated by the chairman and shall be countersigned by the chairman and read out at the following meeting of the Supervisory Board.

28.13 A member of the Supervisory Board may not participate in deliberating and decision-making within the Supervisory Board, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it.

CHAPTER 9. INDEMNIFICATION.

Article 29. Indemnification of members of the Executive Board and the Supervisory Board.

29.1 The Company indemnifies every member of the Executive Board and every Supervisory Director (each of them individually referred to as the **Director** for the application of this Article 29) and holds them harmless from and against any liability and all claims, decisions, penalties and loss (the **Claims**) that the Director suffered in connection with imminent, pending or terminated actions, investigations or other civil, criminal or administrative proceedings (the **Proceedings**) initiated by a party not being the Company itself or its Group Companies, as a result of acts or omissions in his capacity as Director or a related capacity. Claims shall be understood to also include derivative proceedings against the Director, which were initiated on behalf of the Company or its Group Companies and claims of the Company (or one of its Group Companies) to compensate claims of third parties that arose because the Director was jointly and severally liable towards such third party in addition to the Company.

29.2 The Director is not indemnified from and against Claims to the extent they relate to personal gain, benefits or fees to which he was not entitled under the law, or if the Director's liability on account of gross negligence, wilful misconduct or deliberate recklessness has been established at law in the last resort.

29.3 The Company shall reimburse all costs (including reasonable attorney's fees and procedural costs) (jointly the **Costs**) that the Director had to bear in connection with Proceedings, but only after receipt of a written undertaking of the Director that he will repay such Costs if a competent court establishes that he was not entitled to be reimbursed in this manner. Costs are also understood to mean any taxes payable by the Director on the basis of the indemnification granted to him.

29.4 Even in the event of Proceedings against the Director that were initiated by the Company or its Group Companies, the Company shall reimburse reasonable attorney's fees and procedural costs to the Director, but only after receipt of a written undertaking from the Director that he will repay such fees and costs if a competent court in the last resort rules in favour of the Company or its Group Companies.

29.5 The Director shall not accept any personal financial liability vis-à-vis third parties and not enter into any advance pricing agreement in this respect without the Company's prior written permission. The Company and the Director shall make reasonable efforts to cooperate in order to reach agreement on the manner of defence for any Claim. If, however, the Company and the Director fail to reach agreement, the Director shall follow all instructions given by the Company at its own discretion.

29.6 The provisions of this Article 29 shall apply to acts or omissions of the Director in the period as of the sixth day of November two thousand and nine.

29.7 If this Article 29 is amended, the indemnification given herein shall nevertheless continue to be valid with regard to all Claims and/or Costs that have arisen from acts or omissions of the Director in the period in which this provision was in force.

CHAPTER 10. GENERAL MEETINGS.

Article 30. Annual General Meeting. Extraordinary General Meetings. Defining one's position.

30.1 Annually, at the latest in the month June, a General Meeting shall be held at which inter alia the following matters shall be dealt with:

- (a) the board report;
- (b) implementation of the remuneration policy;
- (c) adoption of the annual accounts;
- (d) reservations and dividend policy;
- (e) distribution of dividend;
- (f) release of the members of the Executive Board from liability;
- (g) release of the members of the Supervisory Board from liability;
- (h) any appointments of Executive Directors and the vacancies that can be expected in the Executive Board;
- (i) any appointments of Supervisory Directors and the vacancies that can be expected in the Supervisory Board; and
- (j) any topics proposed by Shareholders or other persons holding Meeting Rights with due observance to the provisions in the Articles of Association.

30.2 Extraordinary General Meetings shall be held whenever the Executive Board and/or the Supervisory Board deem(s) such meetings to be necessary, without prejudice to the provisions laid down in Sections 2:110, 2:111 and 2:112 of the Dutch Civil Code.

30.3 Within three months of it becoming apparent to the Executive Board that the equity of the Company has decreased to an amount equal to or lower than half of the paid-up and called-up part of the capital, a General Meeting shall be held to discuss any requisite measures.

Article 31. Convocation.

31.1 Shareholders and other persons holding Meeting Rights are sent a convening notice for the General Meeting by the Supervisory Board or the Executive Board.

31.2 The convening notice shall be sent with due observance to the terms prescribed by the provisions of law.

31.3 The convening notice shall specify (a) the topics to be discussed, (b) the location and the time of the meeting, (c) the procedure for attending a General Meeting by a written attorney, (d) the procedure for attending General Meetings, including the provisions of Article 35.7, and the exercise of voting rights by any means of electronic communication in the event this right can be exercised pursuant to Article 35.3, and if relevant conditions determined for the use of electronic communication means, as well as (e) the address of the web site.

No valid resolutions can be made with regard to topics in respect of which the provisions in this Article 31.3 above have not been met and the discussion of which has not yet been announced in a similar manner and with due observance to the period set for convening.

31.4 Items, for which a written request for discussion has been filed with the Executive Board or the Supervisory Board, by one or more Shareholders and/or other persons holding Meeting Rights, who represent, alone or jointly, the threshold as referred to by law, will be included in the convening notice or will be announced in the same manner, provided that the Executive Board or the Supervisory Board has received the request accompanied with the reasons therefore in writing or the proposal for a resolution, no later than on the sixtieth day prior to that of the meeting and provided that no important interests of the Company dictate otherwise.

31.5 All announcements for General Meetings, all notifications concerning dividend and other payments and all other communications to Shareholders and other persons holding Meeting

Rights shall take place by a notice made by electronic means, which shall be accessible directly and permanently up until the meeting, without prejudice to the provisions of Section 2:96a, subsection 4 of the Dutch Civil Code.

31.6 No later than on the day the meeting is convened, the Company will notify the Shareholders via its website of:

(a) the information as referred to in Article 31.3;

(b) to the extent applicable, the documents to be submitted to the General Meeting;

(c) the draft resolutions to be presented to the General Meeting, or, if no draft resolutions shall be presented, an explanation by the Executive Board of each subject to be discussed;

(d) to the extent applicable, draft resolutions submitted by Shareholders regarding the subjects to be discussed by them as contained in the agenda for the General Meeting;

(e) to the extent applicable, a power of attorney form and a form to exercise a voting right by letter.

31.7 No later than on the day the meeting is convened, the Company will notify the Shareholders and other persons holding Meeting Rights via its website of the total number of Shares and voting rights on the day the meeting is convened. If the total number of Shares and voting rights on the record date, as referred to in article 35.2, has changed, the Company shall notify the shareholders via its website on the first working day after the record date of the total number of Shares and voting rights on the record date.

Article 32. Venue.

The General Meetings shall be held in Amsterdam or The Hague.

Article 33. Chairmanship of a meeting.

33.1 The General Meeting shall be presided over by the chairman of the Supervisory Board who, however, even if present at the meeting, may appoint someone else to chair the meeting instead.

33.2 Without the chairman of the Supervisory Board having appointed someone else to chair the meeting in his absence, the Supervisory Directors present will appoint one of their members as chairman. In the absence of all Supervisory Directors, the meeting itself shall appoint its chairman. The chairman shall appoint the secretary.

Article 34. Minutes.

34.1 Minutes of the meeting shall be taken, unless a notarial record is made of the proceedings at the meeting. A draft of the minutes shall be placed on the Company's website no later than three months after the meeting, after which Shareholders and other persons holding Meeting Rights shall have three months' time to respond to the report. The minutes shall then be adopted, as is evidenced by the signatures of the chairman and the secretary. The notarial deed of proceedings at the meeting shall be co-signed by the chairman.

Based on the attendance list referred to in Article 35.6, the notarial record or minutes shall state the number of Shares represented in the meeting and the number of potential votes; the attendance list referred to in Article 35.6 is not part of the notarial record nor the minutes and will not be disclosed to the Shareholders or other persons holding Meeting Rights unless a Shareholder or another person holding Meeting Rights Receipts can prove that in viewing the list, he has a reasonable interest in the correct proceeding of the meeting in question.

After execution of the notarial deed of proceedings at the meeting or after adoption of the minutes by the chairman and the secretary, copies of the notarial record or the minutes shall be placed on the Company's website.

34.2 The chairman of the meeting, every member of the Executive Board and every Supervisory Director can, at any time, order the preparation of a notarial record at the Company's expense.

34.3 All matters concerning admission to the General Meeting, exercising the voting rights and the results of the votes, as well as all other matters related to the meeting proceedings are decided by the chairman of the meeting in question, without prejudice to the provisions in Section 2:13 subsection 4 of the Dutch Civil Code.

34.4 The chairman of the meeting in question is authorised to admit persons to the meeting other than Shareholders, other persons holding Meeting Rights and their representatives.

Article 35. Rights at meetings.

35.l Each Shareholder and each other person holding Meeting Rights shall be authorized, either in person or represented by a representative authorized in writing, to take part in the General Meeting, to address the meeting and, to the extent applicable, exercise his voting right.

Furthermore, the Auditors as referred to in Article 41 are authorized to attend the General Meeting and to address the meeting.

35.2 For each General Meeting of Shareholders a record date will be applied, which will be the twenty-eighth day prior to the day of the meeting (or, as the case may be, the day that at any time is set by law as record date), in order to determine which persons are deemed entitled to attend the General Meeting, for the purpose of Article 35.1. The record date and the manner in which Shareholders can register and exercise their rights themselves or by a written representative will be set out in the notice of the meeting.

35.3 A Shareholder, another person holding Meeting Rights or his proxy will only be admitted to the meeting if he has notified the company of his intention to attend the meeting if he has notified the Company of his intention to attend the meeting in writing at the address and by the date specified in the notice of meeting. A Shareholder or his proxy will only be admitted to the meeting, if the Shares in question are registered in the Shareholder's name on the record date referred to in Article 35.2. The proxy is also required to produce written evidence of his mandate. The Company offers those entitled to attend meetings the opportunity to notify the Company be electronic means of a power of attorney granted.

35.4 The Executive Board may decide that the right to attend the meeting referred to in Article 35.1 can be exercised by using any electronic means of communication. To do so, it must always be possible that the person entitled to attend the meeting can be identified through the electronic means of communication, that he must be able to directly follow the discussions at the meeting and that he can exercise his right to vote, if he is entitled to do so. Moreover, the Executive Board may also decide that the person entitled to attend the meeting can participate in the discussion via the electronic means of communication.

35.5 The Executive Board may give further requirements with respect to the use of the electronic means of communication as referred to in Article 35.4, provided such conditions are reasonable and necessary for the identification of the person entitled to attend the meeting and the reliability and safety of the communication. These requirements shall be announced in the convening notice. The foregoing does, however, not restrict the authority of the chairman of the meeting to take such action as he deems fit in the interest of the meeting being conducted in an orderly fashion. Any non- or malfunctioning of the means of electronic communication used is at the risk of the Shareholder using the same.

35.6 Each person eligible to vote or his representative shall sign the attendance list before the commencement of the meeting, or have his presence recorded on the attendance list. The names of persons who participate in the meeting in accordance with Article 35.4 or who have cast their votes as referred to in Article 36.3, shall be added to the attendance list.

35.7 The convening notice will state the requirements for admission to the meeting as described above in Article 34.4.

Article 36. Voting rights.

36.1 In the General Meeting, each Share confers the right to cast one (1) vote.

36.2 Blank votes and invalid votes are deemed not to have been cast.

36.3 The Executive Board may decide that votes that are cast before the General Meeting via electronic means of communication or by letter are the equivalent of votes that are cast during the meeting. These votes cannot be cast before the record date announced in the convening notice as referred to in Article 35.2. Without prejudice to the other provisions in 34.4, the convening notice announces the manner in which those entitled to vote and attend the meeting can exercise their rights prior to the meeting.

Article 37. Voting.

37.1 Resolutions shall be passed by an absolute majority of the votes, unless the law or these Articles of Association explicitly prescribe a larger majority.

37.2 The chairman of the meeting will decide whether and to what extent votes are taken orally, in writing, electronically or by acclamation.

37.3 If a majority of the votes cast is not obtained in an election of a person, a second free vote shall be taken.

If again no absolute majority is reached, another vote shall be held to decide between the two persons who received the most votes in the second free vote.

If two or more persons have received the same number of votes and therefore more than two persons are eligible for the revote, an interim vote shall be held between the person who received the highest number of votes in the second free vote – and did so after the person who received the highest number of votes – and the person who received the second-highest number of votes. Should an interim vote or revote fail to lead to a decision because of a tie in voting, then no decision shall be taken.

37.4 In the event of a tie in voting on topics other than the election of persons, the proposal shall be rejected.

37.5 The members of the Executive Board and the members of the Supervisory Board have as such an advisory role in the General Meeting.

CHAPTER 11. MEETINGS OF HOLDERS OF PREFERENCE SHARES A.

Article 38. Meetings of holders of Preference Shares A.

38.1 Meetings of holders of Preference Shares A shall be held whenever a resolution of a meeting of holders of Preference Shares A should be necessary according to these Articles of Association.

38.2 The Articles 32 through 37 shall apply by analogy to the resolutions of the meetings of holders of Preference Shares A, provided that meetings of holders of Preference Shares A may be held in Arnhem and moreover, that the meetings themselves provide for their chairmanship.

38.3 In deviation of the provisions of Article 31.5, notices of meetings of holders of Preference Shares A may be sent to the addresses of the holders of Preference Shares A shown in the register of Shareholders. However, if a Shareholder has provided the Company with another address for the purpose of receiving such notice, the notice may alternatively be sent to such other address. The provisions of Article 6.7 apply mutatis mutandis.

38.4 Resolutions of holders of Preference Shares A may also be adopted in writing without recourse to a meeting, provided they are adopted by unanimous vote representing all relevant holders of Preference Shares A.

CHAPTER 12. FINANCIAL YEAR AND ANNUAL ACCOUNTS.

Article 39. Financial year and Annual accounts.

39.1 The Company's financial year shall coincide with the calendar year.

39.2 Annually, within four months after the end of the financial year, the Executive Board prepares the financial statements and shall lay them open for inspection by the Shareholders at the office of the Company. Within that period the Executive Board shall also present the board report.

39.3 Within the period referred to in Article 39.2, the Executive Board shall also send the financial statements to the works council.

39.4 Annually, the Supervisory Board shall prepare a report, that shall be added to the financial statements and the board report.

39.5 The annual accounts shall be signed by the members of the Executive Board and the members of the Supervisory Board; if the signature of one or more of them is missing, this shall be stated and reasons of this omission shall be given.

39.6 The annual accounts and the board report shall furthermore be subject to the provisions of Book 2, Title 9 of the Dutch Civil Code.

39.7 Within four months after the end of the financial year, the Company shall make the annual financial reporting, as referred to in Section 5:25c subsection 2 of the Dutch Financial Supervision Act, publicly available. This annual financial reporting shall be held available to the public for a period of at least five years.

39.8 The Company shall ensure that the annual accounts, the board report and other information to be added pursuant to Section 2:392 subsection 1 of the Dutch Civil Code and by virtue of the law are present at the offices of the Company, as from the day the General Meeting is convened until the day of the General Meeting in which they will be discussed.
The Shareholders and other persons holding Meeting Rights may inspect those documents there and obtain a copy free of charge.

39.9 The General Meeting shall adopt the annual accounts. Within five days after the adoption of the annual accounts, the Company shall send the adopted annual accounts to the Netherlands Authority for the Financial Markets. If the annual accounts are not adopted within six months after the end of the financial year, the Company shall inform the Netherlands Authority for the Financial Markets.

39.10 At the General Meeting at which it is resolved to adopt the annual accounts, a proposal concerning release of the members of the Executive Board from liability for the management pursued and a proposal concerning release of the members of the Supervisory Board from liability for their supervision, insofar as the exercise of their duties is reflected in the annual accounts or otherwise disclosed to the General Meeting prior to the adoption of the annual accounts, shall be brought up separately for discussion.

Article 40. Semi-annual financial reporting.

40.1 Within two months after the end of the first six months of the financial year, the Company shall prepare the semi-annual financial reporting, as referred to in Section 5:25d subsection 2 of the Dutch Financial Supervision Act, and shall make it publicly available. This semi-annual financial reporting shall be held available to the public for a period of at least five years.

40.2 If the semi-annual financial reporting is audited or an Auditor has issued a qualified opinion, the Auditor shall make the opinion or review signed and dated by him publicly available, along with the semi-annual financial reporting.

40.3 If the semi-annual financial reporting has not been audited by an Auditor or the Auditor has not issued a qualified opinion, the Company shall state the same in its semi-annual report.

40.4 The semi-annual report, which is part of the semi-annual financial reporting, shall contain at least a list of major events that occurred during the first six months of the relevant financial year and their effect on the semi-annual financial statements, as well as a description of the main risks and uncertainties for the other six months of the relevant financial year. The semi-annual report shall also contain the most important related-party transactions.

Article 41. Auditor.

41.1 The General Meeting or, if it fails to do so, the Supervisory Board or, if it fails to do so, the Executive Board, shall instruct an Auditor to audit the annual accounts drawn-up by the Executive Board in accordance with the provisions of Section 2:393 subsection 3 of the Dutch Civil Code.

41.2 The Auditor shall report to the Supervisory Board and the Executive Board with regard to his audit and present the result of his audit in an opinion.
The General Meeting and the party that granted the assignment to an Auditor can withdraw the assignment at any time; in addition, the assignment granted by the Executive Board can be withdrawn by the Supervisory Board. The provisions of Section 2:393 subsection 2 of the Dutch Civil Code shall also apply to the withdrawal of an assignment to an Auditor.

41.3 Both the Executive Board and the Supervisory Board may grant assignments to the Auditor referred to in Article 41.1 or another Auditor at the Company's expense.

Article 42. Profit and distributions.

42.1 From the profit as shown in the profit and loss account for the most recently ended financial year, at first an amount will be added to a dividend reserve A, to the extent possible, of two and a half percent (2.5%) of the total nominal amount of all issued Preference Shares A, two and a half percent (2.5%) of the amount of the dividend reserve A, and two and a half percent (2.5%) of the total amount of the share premium reserve A. If in said lastly passed financial year Preference Shares A have been subscribed for, repayment has been made of the nominal amount of Preferences Shares A, additions or distributions, as the case may be, have been made to/from the dividend reserve or the share premium reserve A, one will take into account at calculating the amount to be added the average amounts of nominal capital and the share premium reserve A respectively of the size of the dividend reserve A whereas furthermore the calculation according to time will be made, provided that the Preference Shares A that are subscribed for in the financial year nineteen hundred ninety-nine are profitable as from one October of that year, so that at the calculation of the addition to the dividend reserve A to the charge of the profit on said financial year one will assume that those Preference Shares A have been placed on one October nineteen hundred ninety-nine.
Aforementioned percentage will be increased on the first ten financial years following the financial year in which for the first time an addition as referred to above has been made, each year with a percent of the lastly applicable percentage. If in any financial year the profit is not sufficient to make the addition referred to above, the provisions of the Articles 42.1 through 42.3 will only apply if the deficit has been replenished.
The General Meeting may not resolve to cancel the dividend reserve A.
Distributions to the charge of the dividend reserve A will be made by virtue of a resolution of the meeting of holders of Preference Shares A. A distribution will be made to the holders of Preference Shares A in proportion to the number of Preference Shares A they own.

42.2 Out of the profit that has not been added to the dividend reserve A in accordance with the provisions of the Article 42.1, such reservations will be made as the Executive Board will determine.

42.3 The profit that remains after application of the Articles 42.1 and 42.2 shall be at the disposal of the General Meeting provided that no further distributions will be made on the Preference Shares A as prescribed in Articles 42.1.

42.4 Profit will be distributed after adoption of the annual accounts from which it appears that it is permitted.
42.5 The General Meeting may resolve to distribute an interim dividend on Ordinary Shares and/or Preference Shares A.
42.6 The General Meeting may resolve to distribute at the expense of the Distributable Equity, without prejudice to the provisions of Article 42.9.
42.7 Distributions on Shares may only occur to a maximum of the amount of the Distributable Equity and, if an interim distribution is concerned, this requirement is met as appears from an interim statement of assets and liabilities as referred to in Section 2:105 subsection 4 of the Dutch Civil Code. The Company shall file the statement of assets and liabilities at the office of the Commercial Register within eight days after the day the distribution is divulged.
42.8 The General Meeting may resolve that a distribution on Ordinary Shares shall take place, in whole or in part, not in money but in Shares in the Company.
42.9 The General Meeting may resolve that all or part of the interim-dividend on Ordinary Shares shall be paid in shares in the Company instead of cash. Moreover, the General Meeting may also resolve that the distribution in Shares shall be distributed at the expense of the Distributable Equity.

Article 43. Release for Payment. Entitlement.

43.1 Dividends and other distributions shall be made payable within four weeks after adoption, unless the General Meeting determines another date. Different payment release dates may be designated for the Ordinary Shares and the Preference Shares A.
43.2 A claim of a Shareholder for payment of a distributions hall be barred after five years have elapsed after the day of payment.

CHAPTER 13. AMENDMENT OF THE ARTICLES OF ASSOCIATION. MERGER. DEMERGER. DISSOLUTION.

Article 44. Amendment of the Articles of Association. Merger. Demerger and Dissolution.

44.1 The General Meeting is authorized to amend the Articles of Association, to merge or to demerge within the meaning of Title 7, Book 2 of the Dutch Civil Code or to dissolve the Company.
44.2 Without prejudice to the provisions of Article 44.1, a resolution to amend the Articles of Association, in which the rights accruing to holders of Preference Shares A will be changed, will require the prior approval of the meeting of holders of Preference Shares A.
44.3 When a proposal to amend the Articles of Association or to dissolve the Company is to be made to the General Meeting, the notice convening the General Meeting must state so and, at the same time, if it concerns an amendment of the Articles of Association, a copy of the proposal including the verbatim text thereof, shall be deposited and kept available at the Company’s office, for inspection by the Shareholders and other persons holding Meeting Rights for their inspection and free of charge, until the conclusion of the meeting.

Article 45. Liquidation.

45.1 In case of dissolution of the Company by virtue of a resolution of the General Meeting, the Executive Board will be charged with the liquidation of the Company’s affairs and the Supervisory Board will be charged with the supervision thereof without prejudice to the provisions of Section 2:23 subsection 2 of the Dutch Civil Code.
45.2 During the liquidation process the provisions of the Articles of Association shall as far as possible remain in force.
45.3 From the balance of the Company’s assets after payment of all debts and the costs of the liquidation shall be distributed first, to the extent possible, to the holders of Preference Shares A the balance of the dividend reserve A and the share premium reserve A, as well as (a) an amount equal to the amount that pursuant to Article 42 would be added to the dividend reserve A if the day of dissolution was to be the last day of the current financial year and (b) a distribution equal to the deficit as referred to in Article 42.1.
Whatever then remains shall be distributed to the holders of Ordinary Shares. All distributions shall be made in proportion to the number of Shares of the class concerned held by the Shareholders.
45.5 The liquidators are authorized, if the statement of assets indicates there is reason to do so, to make distributions in advance.
45.6 After liquidation, the Company’s books and documents shall remain in the possession of the person designated for this purpose by the General Meeting for the period prescribed by law.

14.2 Delta Lloyd Articles of Association after delisting

Full text of the articles of association of Delta Lloyd N.V. as they read since the execution of the deed of full amendment of the articles of association of the company before Dirk-Jan Jeroen Smit, civil law notary, officiating in Amsterdam, the Netherlands, on [*] 2017.

Please note that this is an unofficial office translation, in which an attempt has been made to be as literal as possible without jeopardizing the overall continuity. Inevitably, differences may occur in translation, and if so, the Dutch text will by law govern.

ARTICLES OF ASSOCIATION:

CHAPTER 1.

Article 1. Definitions.

1.1 In these Articles of Association, the following terms are defined as follows:

Share means a share in the capital of the Company. Unless the contrary is evident, this includes each Ordinary Share as well as each Preference Share A.

Shareholder means a holder of one or more Shares.

General Meeting means the body of the Company consisting of those in whom as shareholder or otherwise the voting rights on shares are vested or a meeting of such persons (or their representatives) and other persons holding Meeting Rights.

Subsidiary means a subsidiary of the Company as referred to in Section 2:24a of the Dutch Civil Code.

Ordinary Share means an ordinary Share in the capital of the Company.

Group Company means a legal entity or company affiliated with the Company in a group within the meaning of Section 2:24b of the Dutch Civil Code.

Preference Share A means a preference share A in the capital of the Company.

Executive Board means the executive board of the Company.

Distributable Equity means the part of the Company's equity which exceeds the aggregate of the issued and paid-up part of the share capital and the reserves which must be maintained pursuant to the law.

Company means the company, the internal organization of which is governed by these Articles of Association.

Meeting Rights means the right to be invited to General Meetings and to speak at such meetings, as a Shareholder or as a person to whom these rights have been attributed in accordance with Article 15 and Article 16.

Statutory Giro System means the giro system as referred to in the Dutch Securities Giro Act (*Wet giraal effectenverkeer*).

1.2 A message **in writing** means a message transmitted by letter, by telecopy, by e-mail or by any other means of electronic communication provided the relevant message or document is legible and reproducible, and the term **written** shall be construed accordingly.

1.3 References to **Articles** refer to Articles which are part of these Articles of Association, except where expressly indicated otherwise.

1.4 The Executive Board, the General Meeting as well as the meeting of holders of Shares of a particular class of Shares each constitutes a distinct body of the Company.

1.5 References in these Articles of Association to the meeting of holders of Shares of a particular class will be understood to mean the body of the Company consisting of the holders of Shares of the relevant class or (as the case may be) a meeting of holders of Shares of the relevant class (or their representatives) and other persons entitles to attend such meetings.

1.6 Unless the context otherwise requires, words and expressions contained and not otherwise defined in these Articles of Association bear the same meaning as in the Dutch Civil Code. References in these Articles of Association to the law are references to provisions of Dutch law as it reads from time to time.

CHAPTER 2. NAME, SEAT AND OBJECTS.

Article 2. Name and seat. Structure.

2.1 The name of the Company is: Delta Lloyd N.V.

2.2 Its registered office is situated in Amsterdam, the Netherlands.

Article 3. Objects.

3.1 The company's objects are:

(a) to participate or to acquire interests in any other way in enterprises, to manage or exercise supervision of enterprises and to provide services to enterprises, with special reference to enterprises engaged in the insurance business or rendering other financial services.

(b) to perform all acts which directly or indirectly may be conductive to such objects.

3.2 In realizing its objects the Company shall exercise management directed at promoting in the best way possible and in a well-balanced manner the interests of those who are directly or indirectly interested in the Company.

CHAPTER 3. AUTHORIZED CAPITAL AND SHARES.

Article 4. Capital. Registered Shares.

4.1 The authorized capital amounts to one hundred eighty-five million four hundred seventy-three thousand twenty-two euro (EUR 185,473,022), divided into:

(a) nine hundred twelve million three hundred sixty-five thousand one hundred and ten (912,365,110) Ordinary Shares of twenty euro cents (EUR 0.20) each; and

(b) fifteen million (15,000,000) Preference Shares A of twenty euro cents (EUR 0.20) each[1].

4.2 Preference Shares A are convertible into Ordinary Shares if so resolved upon the first issuance of Preference Shares A by the competent corporate body authorized to issue Shares. The conditions of conversion were determined upon the first issuance of the Preference Shares A. The conversion will take place by virtue of a resolution of the meeting of holders of Preference Shares A in compliance with the conditions of the conversion as determined at the first issue.

4.3 The Shares are registered. Share certificates shall not be issued.

Article 5. Register of Shareholders.

5.1 The Company shall keep a register in which the names and addresses of holders of Ordinary Shares and Preference Shares A are recorded, showing the date on which the Shares were acquired, the date of acknowledgement by or serving on the Company and the amount paid-up on each Share.

The names and addresses of pledgees and usufructuaries of Shares shall also be entered in the register of Shareholders, showing the date on which the right was acquired and the date of acknowledgement by or serving on the Company, as well as showing the rights attaching to the Shares which they are entitled to in accordance with subsections 2 and 4 of Sections 2:88 and 2:89 of the Dutch Civil Code.

5.2 Each Shareholder, each pledgee of Shares and each usufructuary of Shares is required to give his address to the Company in writing as well as each amendment thereto.

5.3 All entries and notes in a register of Shareholders shall be signed by a member of the Executive Board or another person authorized to do so by the Executive Board.

5.4 On application by a Shareholder or a pledgee or usufructuary of Shares, the Executive Board shall furnish an extract from the register of Shareholders, free of charge, insofar as it relates to the applicant's right in respect of a Share.

5.5 Section 2:85 of the Dutch Civil Code also applies to the register.

5.6 If a Shareholder, usufructuary or pledgee or another person holding Meeting Rights provided the Company with an electronic address in order to record this electronic address in the register, jointly with the other details specified in Article 5.1, this electronic address is considered to be provided with the purpose of electronically receiving all notifications, announcements and statements as well as, in respect of Shareholders and other persons holding Meeting Rights, notices to convene a General Meeting. A notification sent electronically must be legible and reproducible.

CHAPTER 4. ISSUE OF SHARES.

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[1] If at the time of delisting no Preference Shares A are outstanding, the separate class of Preference Shares A and all reference to such shares will be removed from the text of these Articles of Association prior to their adoption.

Article 6. Issue of Shares. Body Competent to Issue Shares.

6.1 The General Meeting may pass resolutions to issue Shares, unless the Executive Board is designated thereto by the Articles of Association or pursuant to a resolution of the General Meeting.

6.2 The General Meeting or the Executive Board shall determine the price and further conditions of issuance, in accordance with the relevant provisions in these Articles of Association.

6.3 If the Executive Board is designated as being competent to resolve on the issue of Shares, on such designation the number of Shares of each class which may be issued must be specified. This may be expressed in a percentage of the issued capital. On such designation the term of the designation shall be determined, which may not exceed five years. The designation may be extended, from time to time, for a period not exceeding five years. Unless the designation provides otherwise, it may not be withdrawn.

6.4 A resolution to issue Preference Shares A, requires the approval of the meeting of holders of Preferences Shares A, regardless of which body is competent to issue.

6.5 Within eight days of a resolution of the General Meeting to issue Shares or to designate the Executive Board, the Executive Board shall file a full text thereof at the offices of the Commercial Register, where the Company has been registered.
Within eight days after each issue of Shares, the Executive Board shall so notify the Commercial Register, stating the number of Shares.

6.6 The provisions of the Articles 6.1 to 6.5 shall apply by analogy to the granting of rights to subscribe to Shares, but shall – with the exception of the last sentence of Article 6.5 – not apply to the issue of Shares to persons exercising a previously granted right to subscribe to Shares.
Shares shall never be issued below par, without prejudice to the provisions laid down in Section 2:80, subsection 2 of the Dutch Civil Code.

6.7 If it has been announced what amount will be issued and only a lower amount will be subscribed, such lower amount will only be subscribed if this is explicitly determined by the conditions of the issue.

Article 7. Pre-emptive rights.

7.1 Upon issuance of Ordinary Shares, each holder of Ordinary Shares shall have a right of pre-emption in proportion to the aggregate nominal value of its Ordinary Shares. He shall not have a pre-emptive right upon the issuance of Preference Shares A.
Furthermore, he will not hold a pre-emptive right to Shares to be issued against a contribution other than in cash, or to Shares which are issued to employees of the Company or of a Group Company.

7.2 With due observance to the provisions of this Article 7, the General Meeting shall at the time of the resolution to issue Shares determine the manner in which and the period during which the pre-emptive right may be exercised. If the Executive Board is designated as the body competent to issue Shares, such shall be determined by the Executive Board.

7.3 Pre-emptive rights may be limited or excluded pursuant to a resolution of the General Meeting. In the proposal in respect thereof, the reasons for the proposal and the selection of the intended issue price shall be explained in writing.
Pre-emptive rights may also be limited or excluded by the Executive Board if designated by the Articles of Association or in a resolution of the General Meeting as being authorized to limit or exclude pre-emptive rights for a specified period not exceeding five years; such designation can only be effected if the Executive Board has also been, or is simultaneously, designated as referred to in Article 6.1.
The designation may be extended for no longer than five years at a time.
The designation only applies as long as a designation, as referred to in Article 6.1, is in force.

7.4 Within eight days of such resolution, the Executive Board shall file a full text thereof with the offices of the Commercial Register.

7.5 If rights are granted to subscribe for Shares, the Shareholders shall have a right of pre-emption; the provisions above in this Article 7 shall apply by analogy. Shareholders shall not have a pre-emptive right on Shares issued to a person exercising a previously acquired right to subscribe for Shares.

Article 8. Payment on Shares.

8.1 Notwithstanding the provisions of Section 2:80, subsection 2 of the Dutch Civil Code, upon subscription of each Ordinary Share and each Preference Share A, the full nominal value thereof must be paid-up, and, in addition, if the Share is issued at a higher amount, the difference between such amounts.

8.2 Payments made on Preference Shares A above the nominal amount create the share premium reserve A. Distributions out of the reserve can only benefit the holders of Preference Shares A and can only be made with the approval from the meeting of holders of Preference Shares A, provided that, if with due observance to the provisions of Article 12 a resolution is adopted to cancel all at the time of the resolution outstanding Preference Shares A, the share premium reserve A will be distributed to the holders of Preference Shares A, such in proportion to the Preference Shares A held by each of them.

Article 9. Payment in cash.

9.1 Payment on Shares shall be made in cash, unless a different contribution has been agreed upon.

9.3 Payment in foreign currency can only be made subject to the consent of the Company.

9.4 Payments for Shares are furthermore subject to the provisions of Sections 2:80 and 2:80a of the Dutch Civil Code.

Article 10. Contribution in kind.

10.1 The Executive Board is entitled to enter into legal acts regarding contribution on Shares other than in cash and into the other legal acts specified in Section 2:94 of the Dutch Civil Code, without the prior approval of the General Meeting.
The substance of these legal acts shall be laid down in the annual accounts on the financial year in which they have been performed.

10.2 The Sections 2:80b and 2:94b of the Dutch Civil Code are applicable to contribution on Shares other than in cash.

CHAPTER 5. OWN SHARES. CAPITAL REDUCTION.

Article 11. Own shares.

11.1 When issuing Shares, the Company may not subscribe for its own Shares.

11.2 The Company may acquire fully paid-up Shares or depositary receipts thereof, provided either no valuable consideration is given, or the Distributable Equity is at least equal to the purchase price.
Decisive for the requirement in the previous sentence will be the amount of the equity in accordance with the latest adopted balance sheet, reduced by the purchase price for the Shares in the capital of the Company, the amount of loans referred to in Section 2:98c, subsection 2 of the Dutch Civil Code and distributions from profits or reserves to third parties becoming due from the Company and its Subsidiaries after the balance sheet date.
If more than six months of a financial year have lapsed without the annual accounts having been adopted, acquisition in accordance with provisions in this Article 11.2 shall not be allowed.

11.3 Acquisition in a way other than for no consideration can only take place if the General Meeting has authorized the Executive Board to this effect. This authorization will apply during a maximum period of eighteen months. In this authorization the General Meeting shall determine how many Shares or depositary receipts thereof can be acquired, how they can be acquired and between what limits the price must be.

11.4 The Company may acquire its own Shares or depositary receipts thereof in order to transfer them, pursuant to a regulation to that effect, to staff employed by the Company or by a Group Company.

11.5 The foregoing provisions of this Article 11 shall not apply to Shares or depositary receipts thereof which the Company acquires by universal title of succession.

11.6 The Executive Board shall resolve to alienate the Shares acquired by the company in its own capital. No pre-emptive right shall exist in respect of such alienation.

11.7 The Company cannot derive any right to any distribution from Shares in its own capital; nor shall it derive any right to such distribution from Shares for which it holds the depositary receipts.
The Shares referred to in the previous sentence shall not be included in the calculation of the profit appropriation, unless such Shares or the depositary receipts for such Shares are subject to a usufruct for the benefit of a party other than the Company.

11.8 No voting rights may be exercised for any Share held by the Company or a Subsidiary, unless the Shares are subject to the right of usufruct or a pledge in favor of a company other than the Company or a Subsidiary, the other company is entitled to the voting rights on the Shares and

the right of pledge has been created by a company other than the Company or Subsidiary. Nor may the Company or a Subsidiary exercise voting rights for Shares in the capital of the Company in respect of which the Company or Subsidiary has a right of usufruct or a pledge. No voting rights can be exercised for Shares for which the Company or a Subsidiary holds the depositary receipts.
For the purposes of determining whether a specific part of the capital is represented at the meeting or whether a majority represents a specific part of the capital, the capital shall be reduced by the value of the Shares for which no voting rights can be exercised.

11.9 The Company may only take in pledge its own Shares or depositary receipts thereof if:
(a) the relevant Shares have been fully paid up;
(b) the nominal value of its own Shares and depositary receipts for Shares to be taken in pledge and those already held or already taken in pledge does not exceed half of the issued capital; and
(c) the General Meeting has approved the pledge agreement.

Article 12. Capital reduction.

12.1 The General Meeting may resolve to reduce the Company's issued capital:
(a) by cancellation of Shares; or
(b) by reducing the nominal value of Shares, to be effected by an amendment of these Articles of Association, provided that the issued capital or the paid-up part thereof does not become less than prescribed in Section 2:67 of the Dutch Civil Code.
The Shares concerned shall be designated in such resolution and provisions for the implementation of such resolution shall be made therein.

12.2 A resolution to cancel Shares can only relate to:
(a) Shares held by the Company itself or of which it holds the depositary receipts; or
(b) all Preference Shares A with repayment.

12.3 Reduction of the amount of the Shares without repayment and without release from the obligation to pay-up the Shares shall take place proportionately on all Shares of the same class. The requirement of proportion may be deviated from with the consent of all Shareholders concerned.

12.4 Partial repayment on Shares or release from the obligation to make payments will only be possible for the purpose of execution of a resolution to reduce the nominal amount of the Shares. Such repayment or release shall take place:
(a) with regard to all Shares; or
(b) with regard to all Preference Shares A or all Ordinary Shares.

12.5 Preference Shares A shall be cancelled against repayment of the amounts paid-up on these Preference Shares and of any dividend still lacking, if any, to be calculated time-proportionately up to and including the day of payment with due observance to the provisions of Article 34, after deduction of interim dividend.

12.6 A resolution to cancel the outstanding Preference Shares A requires the approval of the meeting of holders of Preference Shares A.

12.7 Furthermore, the provision of the Sections 2:99 and 2:100 of the Dutch Civil Code are applicable to capital reduction.

CHAPTER 6. TRANSFER. SHARE TRANSFER RESTRICTIONS.

Article 13. Transfer.

13.1 The transfer of rights a Shareholder holds with regard to Shares included in the Statutory Giro System must take place in accordance with the provisions of the Securities Giro Transactions Act (*Wet giraal effectenverkeer*).

13.2 The transfer of Shares not included in the Statutory Giro System requires an instrument intended for such purpose and, save when the Company itself is a party to such legal act, the written acknowledgement by the Company of the transfer. The acknowledgment on the instrument or on a copy or extract thereof and signed as a true copy by a civil law notary or the transferor. Official service of such instrument or such copy or extract on the Company is considered to have the same effect as an acknowledgement.

13.3 The acknowledgement shall be signed with due observance to the provisions on representation of Article 19.

13.4 A transfer of Shares from the Statutory Giro System is subject to the restrictions of the Securities Giro Transactions Act (*Wet giraal effectenverkeer*).

Article 14. Share Transfer Restrictions Preference Shares A.

14.1 For every transfer of Preference Shares A the approval will be required of the Executive Board.
The approval will be issued in writing, and stipulate the name and the address of the intended acquirer.

14.2 If the approval is refused, the Executive Board will be obligated to simultaneously designate one or more prospective buyers who will be prepared and able to buy all Preference Shares A to which the request refers against payment in cash at a price to be set in mutual consultation by the alienator and the Executive Board with two months after that designation.

14.3 If within three months after receipt by the Company of the request for approval of the intended transfer the alienator has not received from the Company a written notification or a timely refusal of approval has not been accompanied simultaneously by the designation of one or more prospective buyers as referred to in Article 14.2, the approval will be deemed to have been granted after the end of the period specified or after receipt of the notification of refusal respectively.

14.4 If within two months after the refusal of the approval no agreement has been reached between the alienator and the Executive Board about the price referred to in Article 14.2, this price will be set by (a) an expert to be designated by the alienator, (b) an expert to be designated by the Executive Board and (c) an expert to be designated by the experts referred to afore under sub (a) and (b).
If the expert referred to under sub (c) has not been designated within three months after the refusal of the approval he will be designated by the chairperson of the Dutch Professional Organization of Accountants, on request of any interested party.

14.5 The alienator will have the right to refrain from the transfer, provided he informs the Executive Board about this in writing within one month after both the name(s) of the designated prospective buyer(s) and the fixed price have been brought to his knowledge.

14.6 In case of approval for transfer in the sense of Article 14.1 or Article 14.3 the alienator shall be authorized to transfer all Preference Shares A, to which his request referred, to the acquirer named in the request for a period of three months after this approval, provided that if a price fixing as referred to in Article 14.4 has been effected and the alienator and the acquirer named in the request agree then upon a lower price than set on the basis of Article 14.4, the alienator should inform the Company about this within one month after which the Executive Board may yet designate one or more prospective buyers who are able and prepared to purchase all the Preference Shares A to which the request referred against cash payment at that lower price.
The alienator will also have the right to refrain from the transfer, provided he notifies the Executive Board about this in writing within one month after he has been informed about the name of the prospective buyer(s).

Article 15. Usufruct.

15.1 The Shareholder shall have the right to vote on Shares subject to a usufruct. However, the usufructuary shall have the right to vote if so determined upon the establishment of the usufruct. A Shareholder without the right to vote and a usufructuary with the right to vote shall have the rights conferred by law upon the holders of Meeting Rights. A usufructuary without the right to vote shall not have the rights referred to in the preceding sentence.

15.2 The Shareholder shall have the rights attached to the Share on which an usufruct has been established with respect to the acquisition of Shares, provided that he shall compensate the usufructuary for the value of these rights to the extent that the latter is entitled thereto under his right of usufruct.

Article 16. Pledge.

16.1 The Shareholder shall have the right to vote on Shares subject to a pledge. However, the pledgee shall have the right to vote if so determined upon the establishment of the pledge. A Shareholder without the right to vote and a pledgee with the right to vote shall have the rights conferred by law upon the holders of Meeting Rights. A pledgee without the right to vote shall not have the rights referred to in the preceding sentence.

16.2 Preference Shares A cannot be pledged.

16.3 The Company cannot cooperate with the issue of depository receipts.

CHAPTER 7. EXECUTIVE BOARD.

Article 17. Executive Board.

17.1 The Company shall be managed by an Executive Board consisting of two or more members.

17.2 The General Meeting shall determine the number of members of the Executive Board. In the event of one or more vacancies on the Executive Board, it shall remain competent even if it should consist of one member only.

17.3 The General Meeting will appoint and dismiss the members of the Executive Board. The General Meeting will appoint one of the members of the Executive Board to be chairman of the Executive Board. It may also appoint one of the members to be the substitute chairman.

17.4 The General Meeting shall give a member of the Executive Board who it proposes to dismiss, the opportunity to represent his case to the General Meeting which will be heard on the proposed dismissal.

17.5 The General Meeting may suspend a member of the Executive Board at any time. A suspension may be extended once or several times but may not last longer than six months.

17.6 The Executive Board may appoint a person as secretary of the Company.

17.7 The approval of the General Meeting will be required for resolutions of the Executive Board relating to a major change to the identity or the nature of the Company or the enterprise, including in any case:

(a) transfer of the enterprise or almost the entire enterprise to a third party;

(b) entering into or termination of a long-lasting co-operation between the Company or a subsidiary with another legal entity or company or as fully liable partner of a general or limited partnership, if this co-operation or termination is of far-reaching consequence to the Company;

(c) acquisition or divestment of a participation in the capital of a company with a value of at least one third of the amount of the assets reflected in the balance sheet and explanatory notes or, if the Company prepares a consolidated balance sheet, reflected in the consolidated balance sheet and explanatory notes, according to the lastly adopted annual accounts of the Company, by it or a Subsidiary.

17.8 Without prejudice to the relative provisions laid down elsewhere in these Articles of Association and in addition to the resolutions set out above in Article 17.7, the General Meeting may require further resolutions of the Executive Board to be subject to its approval. These resolutions shall be clearly specified and notified to the Executive Board in writing.

17.9 The absence of an approval of the General Meeting that is prescribed by this Article 17 of a resolution of the Executive Board will not affect the representative authority of the Executive Board or its members.

Article 18. Allocation of duties; passing of resolutions.

18.1 The Executive Board shall allocate its duties by mutual arrangement and notify such arrangement to the General Meeting.

18.2 The Executive Board will lay down by-laws containing rules as regards the manner in which its meetings are conducted, the passing of resolutions by the Executive Board, as well as its working methods. Such by-laws shall, prior to determination, be submitted to the General Meeting.

18.3 A member of the Executive Board may not participate in deliberating and decision-making within the Executive Board if, with respect to the matter concerned, he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. If, for this reason, no Executive Board resolution can be adopted, this resolution will be adopted by the General Meeting.

Article 19. Representation.

19.1 The Executive Board is authorized to represent the company. The authority to represent the Company is also vested in each two members of the Executive Board acting jointly.

19.2 The Executive Board may appoint officers with general or limited power to represent the company. Each officer shall be competent to represent the Company, subject to the restrictions imposed on him. The Executive Board shall determine each officer’s title. The authority of an officer thus appointed may not extend to any transaction where the Company has a conflict of interest with the officer concerned or with one or more members of the Executive Board.

Article 20. Vacancy or inability to act.

20.1 For each vacant seat on the Executive Board, the General Meeting can determine that it will be temporarily occupied by a person (a stand-in) designated by the General Meeting.

20.2 If and as long as one or more seats on the Executive Board are vacant, the management of the Company will be temporarily entrusted to the person or persons who (whether as a stand-in or not) do occupy a seat in the Executive Board. If and so long as all seats are vacant and no seat is temporarily occupied, the management of the Company shall be temporarily entrusted to the person designated by the General Meeting for that purpose.

20.3 When determining to which extent Executive Board members are present or represented, consent to a manner of adopting resolutions, or vote, stand-ins will be counted-in and no account will be taken of vacant seats for which no stand-in has been designated.

20.4 For the purpose of this Article 20, the seat of an Executive Board member who is unable to perform his duties (*belet*) will be treated as a vacant seat.

Article 21. Remuneration Executive Board.

21.1 The Company shall have a policy in respect of the remuneration of the Executive Board. The remuneration policy shall at least include the subjects referred to in Sections 2:383c through 2:383e of the Dutch Civil Code, to the extent they relate to the Executive Board.

21.2 The authority to determine the remuneration and further terms of employment for members of the Executive Board shall be vested in the General Meeting, with due observance to the policy referred to in Article 21.1.

CHAPTER 8. INDEMNIFICATION.

Article 22. Indemnification of members of the Executive Board.

22.1 The Company indemnifies every member of the Executive Board and holds them harmless from and against any liability and all claims, decisions, penalties and loss (the **Claims**) that the relevant member of the Executive Board suffered in connection with imminent, pending or terminated actions, investigations or other civil, criminal or administrative proceedings (the **Proceedings**) initiated by a party not being the Company itself or its Group Companies, as a result of acts or omissions in his capacity as member of the Executive Board or a related capacity. Claims shall be understood to also include derivative proceedings against the relevant member of the Executive Board, which were initiated on behalf of the Company or its Group Companies and claims of the Company (or one of its Group Companies) to compensate claims of third parties that arose because the member of the Executive Board was jointly and severally liable towards such third party in addition to the Company.

22.2 The member of the Executive Board is not indemnified from and against Claims to the extent they relate to personal gain, benefits or fees to which he was not entitled under the law, or if such person's liability on account of gross negligence, wilful misconduct or deliberate recklessness has been established at law in the last resort.

22.3 The Company shall reimburse all costs (including reasonable attorney's fees and procedural costs) (jointly the **Costs**) that the member of the Executive Board had to bear in connection with Proceedings, but only after receipt of a written undertaking of the member of the Executive Board that he will repay such Costs if a competent court establishes that he was not entitled to be reimbursed in this manner. Costs are also understood to mean any taxes payable by the member of the Executive Board on the basis of the indemnification granted to him.

22.4 Even in the event of Proceedings against a member of the Executive Board that were initiated by the Company or its Group Companies, the Company shall reimburse reasonable attorney's fees and procedural costs to the member of the Executive Board, but only after receipt of a written undertaking from the member of the Executive Board that he will repay such fees and costs if a competent court in the last resort rules in favour of the Company or its Group Companies.

22.5 The member of the Executive Board shall not accept any personal financial liability vis-à-vis third parties and not enter into any advance pricing agreement in this respect without the Company's prior written permission. The Company and the member of the Executive Board shall make reasonable efforts to cooperate in order to reach agreement on the manner of defence for any Claim. If, however, the Company and the member of the Executive Board fail to reach agreement, the member of the Executive Board shall follow all instructions given by the Company at its own discretion.

22.6 The provisions of this Article 22 shall apply to acts or omissions of the member of the Executive Board in the period as of the sixth day of November two thousand and nine.

22.7 If this Article 22 is amended, the indemnification given herein shall nevertheless continue to be valid with regard to all Claims and/or Costs that have arisen from acts or omissions of the member of the Executive Board in the period in which this provision was in force.

CHAPTER 9. GENERAL MEETINGS.

Article 23. Annual General Meeting. Extraordinary General Meetings.

23.1 Annually, at the latest in the month June, a General Meeting shall be held at which inter alia the following matters shall be dealt with:
(a) the board report;
(b) adoption of the annual accounts;
(c) distribution of dividend;
(d) release of the members of the Executive Board from liability;
(e) any appointments of members of the Executive Board, and the vacancies that can be expected in the Executive Board;
(f) any other proposals brought up for discussion by the Executive Board; and
(g) any topics proposed by Shareholders or other persons holding Meeting Rights with due observance to the provisions in the Articles of Association.

23.2 Extraordinary General Meetings shall be held whenever the Executive Board and/or a Shareholder holding more than fifty per cent of the issued and outstanding share capital of the Company deem(s) such meetings to be necessary, without prejudice to the provisions laid down in Sections 2:110, 2:111 and 2:112 of the Dutch Civil Code.

23.3 Within three months of it becoming apparent to the Executive Board that the equity of the Company has decreased to an amount equal to or lower than half of the paid-up and called-up part of the capital, a General Meeting shall be held to discuss any requisite measures.

Article 24. Convocation.

24.1 Shareholders and other persons holding Meeting Rights are sent a convening notice for the General Meeting by the Executive Board to the addresses as shown in the register of Shareholders. However, if a Shareholder has provided the Company with another address for the purpose of receiving such notice, the notice may alternatively be sent to such other address. The provisions of Article 5.7 apply mutatis mutandis.

24.2 The convening notice shall be sent with due observance to the terms prescribed by the provisions of law.

24.3 The convening notice shall specify the topics to be discussed and the location and the time of the meeting.
As long as the entire issued capital is represented at a general meeting, valid resolutions can be made with regard to all subjects brought up for discussion, in respect of which the provisions in this Article 24.3 above and Article 25 have not been met and the discussion of which has not yet been announced in a similar manner and with due observance to the period set for convening, provided such resolutions are adopted unanimously.

24.4 Items, for which a written request for discussion has been filed with the Executive Board, by one or more Shareholders and/or other persons holding Meeting Rights, who represent, alone or jointly, the threshold as referred to by law, will be included in the convening notice or will be announced in the same manner, provided that the Executive Board has received the request accompanied with the reasons therefore in writing or the proposal for a resolution, no later than on the sixtieth day prior to that of the meeting and provided that no important interests of the Company dictate otherwise.

Article 25. Venue.

The General Meetings shall be held in Amsterdam or The Hague.

Article 26. Chairmanship of a meeting.

26.1 The General Meeting shall itself choose a chairman. Until that moment a member of the Executive Board shall act as chairman, or in the absence of such a member, the eldest person present at the meeting shall act as chairman.

26.2 The chairman shall appoint the secretary.

Article 27. Minutes.

27.1 Minutes of the meeting shall be taken. The minutes shall be adopted by the chairman and the secretary and shall be signed by them as evidence thereof.

27.2 All matters concerning admission to the General Meeting, exercising the voting rights and the results of the votes, as well as all other matters related to the meeting proceedings are decided by the chairman of the meeting in question, without prejudice to the provisions in Section 2:13 subsection 4 of the Dutch Civil Code.

27.3 The chairman of the meeting in question is authorised to admit persons to the meeting other than Shareholders, other persons holding Meeting Rights and their representatives.

Article 28. Rights at meetings.

28.l Each Shareholder and each other person holding Meeting Rights shall be authorized, either in person or represented by a representative authorized in writing, to take part in the General Meeting, to address the meeting and, to the extent applicable, exercise his voting right. Furthermore, the auditors as referred to in Article 34 are authorized to attend the General Meeting and to address the meeting.

28.2 The Executive Board may decide that the right to attend the meeting referred to in Article 28.1 can be exercised by using any electronic means of communication. To do so, it must always be possible that the person entitled to attend the meeting can be identified through the electronic means of communication, that he must be able to directly follow the discussions at the meeting and that he can exercise his right to vote, if he is entitled to do so. Moreover, the Executive Board may also decide that the person entitled to attend the meeting can participate in the discussion via the electronic means of communication.

28.3 The Executive Board may give further requirements with respect to the use of the electronic means of communication as referred to in Article 28.2, provided such conditions are reasonable and necessary for the identification of the person entitled to attend the meeting and the reliability and safety of the communication. These requirements shall be announced in the convening notice. The foregoing does, however, not restrict the authority of the chairman of the meeting to take such action as he deems fit in the interest of the meeting being conducted in an orderly fashion. Any non- or malfunctioning of the means of electronic communication used is at the risk of the Shareholder using the same.

28.4 Each person eligible to vote or his representative shall sign the attendance list before the commencement of the meeting, or have his presence recorded on the attendance list. The names of persons who participate in the meeting in accordance with Article 28.2 shall be added to the attendance list.

Article 29. Voting rights.

29.1 In the General Meeting, each Share confers the right to cast one (1) vote.

29.2 Blank votes and invalid votes are deemed not to have been cast.

Article 30. Voting.

30.1 Resolutions shall be passed by an absolute majority of the votes, unless the law or these Articles of Association explicitly prescribe a larger majority.

30.2 The chairman of the meeting will decide whether and to what extent votes are taken orally, in writing, electronically or by acclamation.

30.3 If a majority of the votes cast is not obtained in an election of a person, a second free vote shall be taken.
If again no absolute majority is reached, another vote shall be held to decide between the two persons who received the most votes in the second free vote.
If two or more persons have received the same number of votes and therefore more than two persons are eligible for the revote, an interim vote shall be held between the person who received the highest number of votes in the second free vote – and did so after the person who received the highest number of votes – and the person who received the second-highest number of votes. Should an interim vote or revote fail to lead to a decision because of a tie in voting, then no decision shall be taken.

30.4 In the event of a tie in voting on topics other than the election of persons, the proposal shall be rejected.

30.5 The members of the Executive Board have as such an advisory role in the General Meeting.

Article 31. Resolutions outside of meetings. Records.

31.1 Resolutions of Shareholders may also be adopted in writing without recourse to a general meeting, provided they are adopted by unanimous vote representing the entire issued capital.

31.2 The Executive Board shall keep a record of the resolutions thus made. Each of the Shareholders shall procure that the Executive Board is informed in writing of the resolutions made in accordance with Article 31.1 as soon as possible. The records shall be deposited at the offices of the Company for inspection by the Shareholders. Upon request each of them shall be provided with a copy or an extract of such record at not more than the actual costs.

CHAPTER 10. MEETINGS OF HOLDERS OF PREFERENCE SHARES A.

Article 32. Meetings of holders of Preference Shares A.

32.1 Meetings of holders of Preference Shares A shall be held whenever a resolution of a meeting of holders of Preference Shares A should be necessary according to these Articles of Association.

32.2 The Articles 25 through 31 shall apply by analogy to the resolutions of the meetings of holders of Preference Shares A, provided that meetings of holders of Preference Shares A may also be held in Arnhem.

32.3 Resolutions of holders of Preference Shares A may also be adopted in writing without recourse to a meeting, provided they are adopted by unanimous vote representing all relevant holders of Preference Shares A.

CHAPTER 11. FINANCIAL YEAR AND ANNUAL ACCOUNTS.

Article 33. Financial year and Annual accounts.

33.1 The Company's financial year shall coincide with the calendar year.

33.2 Annually, within five months after the end of the financial year, unless by reason of special circumstances this term is extended by the General Meeting by not more than five months, the Executive Board prepares the financial statements and shall lay them open for inspection by the Shareholders at the office of the Company. Within that period the Executive Board shall also present the board report.

33.3 The annual accounts shall be signed by the members of the Executive Board; if the signature of one or more of them is missing, this shall be stated and reasons of this omission shall be given.

33.4 The annual accounts and the board report shall furthermore be subject to the provisions of Book 2, Title 9 of the Dutch Civil Code.

33.5 The Company shall ensure that the annual accounts, the board report and other information to be added pursuant to Section 2:392 subsection 1 of the Dutch Civil Code and by virtue of the law are present at the offices of the Company, as from the day the General Meeting is convened until the day of the General Meeting in which they will be discussed.
The Shareholders and other persons holding Meeting Rights may inspect those documents there and obtain a copy free of charge.

33.6 The General Meeting shall adopt the annual accounts. Within eight days after the adoption of the annual accounts, the Company shall send the adopted annual accounts to the offices of the Commercial Register, subject to statutory exemptions, if applicable.

33.7 At the General Meeting at which it is resolved to adopt the annual accounts, a proposal concerning release of the members of the Executive Board from liability for the management pursued, insofar as the exercise of their duties is reflected in the annual accounts or otherwise disclosed to the General Meeting prior to the adoption of the annual accounts, shall be brought up separately for discussion.

Article 34. Auditor.

The Company may, and if the law so requires shall, appoint a "register-accountant" or other accountant referred to in Section 2:393 of the Dutch Civil Code, or an organization within which such accountants practice, to audit the annual accounts.

Article 35. Profit and distributions.

35.1 From the profit as shown in the profit and loss account for the most recently ended financial year, at first an amount will be added to a dividend reserve A, to the extent possible, of two and a half percent (2.5%) of the total nominal amount of all issued Preference Shares A, two and a half percent (2.5%) of the amount of the dividend reserve A, and two and a half percent (2.5%) of the total amount of the share premium reserve A. If in said lastly passed financial year Preference Shares A have been subscribed for, repayment has been made of the nominal amount of Preferences Shares A, additions or distributions, as the case may be, have been made to/from the dividend reserve or the share premium reserve A, one will take into account at calculating the amount to be added the average amounts of nominal capital and the share premium reserve A respectively of the size of the dividend reserve A whereas furthermore the calculation according to time will be made, provided that the Preference Shares A that are subscribed for in the financial year nineteen hundred ninety-nine are profitable as from one October of that year, so that at the calculation of the addition to the dividend reserve A to the charge of the profit on said financial year one will assume that those Preference Shares A have been placed on one October nineteen hundred ninety-nine.
Aforementioned percentage will be increased on the first ten financial years following the financial year in which for the first time an addition as referred to above has been made, each

year with a percent of the lastly applicable percentage. If in any financial year the profit is not sufficient to make the addition referred to above, the provisions of the Articles 35.1 and 35.2 will only apply if the deficit has been replenished.

The General Meeting may not resolve to cancel the dividend reserve A.

Distributions to the charge of the dividend reserve A will be made by virtue of a resolution of the meeting of holders of Preference Shares A. A distribution will be made to the holders of Preference Shares A in proportion to the number of Preference Shares A they own.

35.2 The profit that remains after application of Article 35.1 shall be at the disposal of the General Meeting provided that no further distributions will be made on the Preference Shares A as prescribed in Article 35.1.

35.3 Profit will be distributed after adoption of the annual accounts from which it appears that it is permitted.

35.4 The General Meeting may resolve to distribute an interim dividend on Ordinary Shares and/or Preference Shares A.

35.5 The General Meeting may resolve to distribute at the expense of the Distributable Equity.

35.6 Distributions on Shares may only occur to a maximum of the amount of the Distributable Equity and, if an interim distribution is concerned, this requirement is met as appears from an interim statement of assets and liabilities as referred to in Section 2:105 subsection 4 of the Dutch Civil Code. The Company shall file the statement of assets and liabilities at the office of the Commercial Register within eight days after the day the distribution is divulged.

35.7 The General Meeting may resolve that a distribution on Ordinary Shares shall take place, in whole or in part, not in money but in kind.

Article 36. Release for Payment. Entitlement.

36.1 Dividends and other distributions shall be made payable within four weeks after adoption, unless the General Meeting determines another date. Different payment release dates may be designated for the Ordinary Shares and the Preference Shares A.

36.2 A claim of a Shareholder for payment of a distributions hall be barred after five years have elapsed after the day of payment.

CHAPTER 12. AMENDMENT OF THE ARTICLES OF ASSOCIATION. MERGER. DEMERGER. DISSOLUTION.

Article 37. Amendment of the Articles of Association. Merger. Demerger and Dissolution.

37.1 The General Meeting is authorized to amend the Articles of Association, to merge or to demerge within the meaning of Title 7, Book 2 of the Dutch Civil Code or to dissolve the Company.

37.2 Without prejudice to the provisions of Article 37.1, a resolution to amend the Articles of Association, in which the rights accruing to holders of Preference Shares A will be changed, will require the prior approval of the meeting of holders of Preference Shares A.

37.3 When a proposal to amend the Articles of Association or to dissolve the Company is to be made to the General Meeting, the notice convening the General Meeting must state so and, at the same time, if it concerns an amendment of the Articles of Association, a copy of the proposal including the verbatim text thereof, shall be deposited and kept available at the Company's office, for inspection by the Shareholders and other persons holding Meeting Rights for their inspection and free of charge, until the conclusion of the meeting.

Article 38. Liquidation.

38.1 In case of dissolution of the Company by virtue of a resolution of the General Meeting, the Executive Board will be charged with the liquidation of the Company's affairs without prejudice to the provisions of Section 2:23 subsection 2 of the Dutch Civil Code.

38.2 During the liquidation process the provisions of the Articles of Association shall as far as possible remain in force.

38.3 From the balance remaining of the Company's assets after payment of all debts and the costs of the liquidation shall be distributed first to the holders of Preference Shares A the balance of the dividend reserve A and the share premium reserve A, as well as (a) an amount equal to the amount that pursuant to Article 35 would be added to the dividend reserve A if the day of dissolution was to be the last day of the current financial year and (b) a distribution equal to a deficit as referred to in Article 35.1.

Whatever then remains shall be distributed to the holders of Ordinary Shares. All distributions shall be made in proportion to the number of Shares of the class concerned held by the Shareholders.

38.4 The liquidators are authorized, if the statement of assets indicates there is reason to do so, to make distributions in advance.

38.5 After liquidation, the Company's books and documents shall remain in the possession of the person designated for this purpose by the General Meeting for the period prescribed by law.

CHAPTER 13. TRANSITIONAL PROVISIONS SUPERVISORY BOARD.

Article 39. Transitional application.

39.1 Upon delisting of the Ordinary Shares from Euronext Amsterdam and Euronext Brussels, the articles of association of the Company have been amended by notarial deed executed before [a deputy of] Dirk-Jan Jeroen Smit, civil law notary officiating in Amsterdam, the Netherlands, on the [*] day of [*] two thousand and seventeen, pursuant to which amendment the provisions relating to the Supervisory Board and the Supervisory Directors have been removed. Notwithstanding this amendment, the Supervisory Board will continue to function up to the moment that all Supervisory Directors shall have ceased to hold office. Up to that moment, the provisions of this Chapter 13 shall apply.

39.2 In the provisions of this Chapter 13, the following terms are defined as follows:
Supervisory Director means a member of the Supervisory Board.
Supervisory Board means the supervisory board of the Company.
For the purposes of Article 1.4, the Supervisory Board also constitutes a distinct body of the Company.

39.3 This entire Chapter 13 including its headings shall lapse and automatically cease to exist upon the moment that all Supervisory Directors shall have ceased to hold office.

Article 40. Supervisory Board.

40.1 The Company has a Supervisory Board, consisting of at least three Supervisory Directors. The Supervisory Board shall, in consultation with the Executive Board, determine the number of Supervisory Directors with due observance to this minimum. Should the number of Supervisory Directors be less than three, the Supervisory Board shall take measures forthwith to supplement the number of Supervisory Directors.

40.2 Only individuals can be Supervisory Directors.

40.3 The Supervisory Board shall adopt a profile for its size and composition, taking into account the nature of the business, its activities and the desired expertise and background of the Supervisory Directors. The Supervisory Board shall discuss the profile for the first time at the time of adoption and subsequently upon every modification thereof at the General Meeting.

Article 41. Appointment of Supervisory Directors.

The Supervisory Directors shall be appointed by the General Meeting.

Article 42. Retirement of Supervisory Directors.

42.1 A Supervisory Director shall retire no later than on the day of the first General Meeting held after four years have elapsed since his appointment.

42.2 Supervisory Directors shall retire periodically in accordance with a rotation plan to be prepared by the Supervisory Board. No change in the rotation plan may cause an incumbent Supervisory Director to retire against his will before the term for which he was appointed has elapsed.

Article 43. Dismissal and suspension of Supervisory Directors.

43.1 Each Supervisory Director may be suspended or dismissed at any time by the General Meeting. The General Meeting shall not dismiss a Supervisory Director other than after the Supervisory Board has been given the opportunity to be heard about the proposed dismissal. The General Meeting shall give such Supervisory Director as it proposes to dismiss, the opportunity to represent his case to the General Meeting which will be heard on the proposed dismissal.

43.2 In case of a suspension of Supervisory Director, the Executive Board shall have to convene a General Meeting to extend or discontinue the suspension (or dismissal) of the relevant Supervisory Director. If the suspension is not extended (and the Supervisory Director is also not dismissed), the relevant Supervisory Director will have been reinstated. A suspension may only be extended once, and for no longer than three months.

Article 44. Remuneration members Supervisory Board.

The General Meeting shall determine the remuneration of each Supervisory Director.

Article 45. Duties and powers of the Supervisory Board. Committees. Meetings.

45.1 It shall be the duty of the Supervisory Board to oversee the Executive Board’s management and the general course of affairs in the Company and the enterprise connected therewith, including the manner in which the rights accruing from participation in other companies are exercised.
The Supervisory Board shall assist the Executive Board in an advisory capacity.
In discharging their duties the members of the Supervisory Board shall be guided by the interests of the Company and the enterprise connected therewith.

45.2 The Executive Board shall supply the Supervisory Board in due time with the information necessary for the discharge of its duties.

45.3 The Executive Board shall inform the Supervisory Board at least once a year in writing of the main aspects of the strategic policy, the general and financial risks and the management and control system of the Company.

45.4 The Supervisory Board shall have access to the buildings and grounds of the Company and is authorised to inspect the Company’s books and documents. The Supervisory Board may appoint one or more persons among its midst or an expert to exercise these competencies. Also in other circumstances, the Supervisory Board may seek assistance by experts. Costs of these experts shall be borne by the Company.

45.5 Any information called for by the Supervisory Board shall be furnished to it by the Executive Board.

45.6 With due observance to these Articles of Association, the Supervisory Board will lay down by-laws containing further rules as regards the manner in which its meetings are conducted and the passing of resolutions by the Supervisory Board. The members of the Supervisory Board may furthermore divide their tasks, whether or not by regulations.

45.7 The Supervisory Board may appoint from its members one or more permanent and/or ad hoc committees.
The Supervisory Board shall in any case appoint from its members an audit committee, a remuneration committee, a risk committee and a nomination committee. The task of the committees is to prepare the decision-taking of the Supervisory Board. The Supervisory Board shall formulate regulations for each committee, indicating the task and responsibility of the committee concerned, its composition and in what manner the committee will exercise its task.

45.8 The Supervisory Board shall appoint from its members a chairman and one or more deputy chairmen.
The Supervisory Board will be assisted by the secretary of the Company.

45.9 The Supervisory Board shall meet whenever the chairman, another member or the Supervisory Board or a member of the Executive Board shall deem such necessary.
A member of the Supervisory Board may be represented by another member of that Board by an authorisation in writing.
The members of the Executive Board shall attend the meetings of the Supervisory Board unless the latter decides otherwise.

45.10 Minutes of the business transacted at the meetings of the Supervisory Board shall be recorded by one of its members designated for the purpose by the chairman.
Upon a proposal by the chairman the meeting may also designate someone out of its midst to record the minutes.
After approval by the Supervisory Board the minutes shall be signed by the person acting as chairman at the meeting where approval was given and by another member of the Supervisory Board present at the meeting.

45.11 The Supervisory Board shall pass its resolutions by an absolute majority of votes. In the event of a tie in votes the chairman will have a deciding vote.

45.12 The Supervisory Board may pass a resolution without holding a meeting if all the members of that Board are in agreement with this manner of adopting resolutions.
A memorandum of this agreement and of the resolution thus passed shall be drawn up by a member of the Supervisory Board designated by the chairman and shall be countersigned by the chairman and read out at the following meeting of the Supervisory Board.

45.13 A member of the Supervisory Board may not participate in deliberating and decision-making within the Supervisory Board, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it.

Article 46. Reserved matters.

46.1 Without prejudice to the relative provisions laid down elsewhere in these Articles of Association, the approval of the Supervisory Board will be required for resolutions of the Executive Board relating to:

(a) issue and acquisition of Shares in and debentures at the expense of the Company or debentures at the expense of a limited partnership or general partnership of which the Company is a fully liable partner;

(b) co-operation in the issue of depositary receipts;

(c) application for the quotation or withdrawal of the quotation of the documents referred to under (a) and (b) to do business on a regulated market or a Multilateral Trading Facility as referred to in Article 1:1 of the Financial Supervision Act (*Wet op het financieel toezicht*) or a system comparable to a regulated market or a Multilateral Trading Facility of a state which is not a Member State or an application for the withdrawal of such quotation;

(d) the entering into or discontinuation of permanent co-operation of the Company or a Subsidiary with another legal entity or company or as fully liable partner in a limited partnership or general partnership if such co-operation or discontinuation is of material significance to the Company;

(e) the taking of a participation to a value of at least one fourth of the amount of the issued capital with the reserves in accordance with the balance sheet and explanatory notes of the Company, by the Company or a Subsidiary in the capital of another company and the significant increase or decrease of such a participation;

(f) investments requiring an amount equal to a least one quarter of the issued capital plus the Company's reserves according to its balance sheet and explanatory notes;

(g) the filing of a petition for bankruptcy and application for suspension of payment;

(h) termination of the employment contract of a substantial number of employees of the Company or of a Subsidiary simultaneously or within a short space of time;

(i) significant change in the working conditions of a considerable number of employees of the Company or of a Subsidiary;

(j) a proposal for merger or demerger within the meaning of Title 7, Book 2 of the Dutch Civil Code;

(k) the adoption of the operational and financial objectives of the Company, the adoption of the strategy that is drawn up to achieve these objectives and adoption of the parameters to be applied with respect to the strategy, as well as the specific corporate social responsibility issues;

(l) a transaction involving a conflict of interest of a member of the Executive Board with the Company and which is of a material interest to the company and/or the relevant member;

(m) the acceptance by a member of the Executive Board of a membership of the Supervisory Board of a company of which the shares or depositary receipts thereof have been admitted to a regulated market as referred to in Article 1:1 of the Financial Supervision Act; and

(n) any amendment to the dividend policy.

46.2 The absence of an approval of the Supervisory Board that is prescribed by this Article 46 of a resolution of the Executive Board will not affect the representative authority of the Executive Board or its members.

Article 47. Additional provisions.

47.1 *Indemnification of members of the Supervisory Board.*

The provisions of Article 22 equally apply to every Supervisory Director.

47.2 *Conflict of Interest Executive Board.*

In deviation of Article 18.3, If, for reason of a conflict of interest as referred to in that Article 18.3, no Executive Board resolution can be adopted, this resolution will be adopted by the Supervisory Board.

47.3 *Annual General Meeting.*

In addition to what has been provided in Article 23.1, at the relevant General Meeting the release of the members of the Supervisory Board shall also be dealt with.

47.4 *Convocation of General Meetings*

In addition to what has been provided in Article 23.2, extraordinary General Meetings shall also be held whenever the Supervisory Board deems such meetings to be necessary,

47.5 *Chairmanship of a general meeting of shareholders.*

In deviation of Article 26.1 the following shall apply:

(a) The General Meeting shall be presided over by the chairman of the Supervisory Board who, however, even if present at the meeting, may appoint someone else to chair the meeting instead.

(b) Without the chairman of the Supervisory Board having appointed someone else to chair the meeting in his absence, the Supervisory Directors present will appoint one of their members as chairman. In the absence of all Supervisory Directors, the meeting itself shall appoint its chairman. The chairman shall appoint the secretary.

47.6 *Advisory Role.*

The members of the Supervisory Board have as such an advisory role in the General Meeting.

47.7 *Annual Accounts.*

The annual accounts shall also be signed by the members of the Supervisory Board; if the signature of one or more of them is missing, this shall be stated and reasons of this omission shall be given.

15. ADVISORS

15.1 Advisors to Offeror

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