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Delta Lloyd Group

Delivering sustainable value for shareholders

Morgan Stanley's CEO Conference

London, 25 March 2010

Delta Lloyd: Delivering Sustainable Value for Shareholders

- I. Introduction
- II. Financial Results 2009
- III. Risk Management: as key business success
- IV. Strong capital position

Today's Presenter

N.W. (Niek) Hoek, CEO

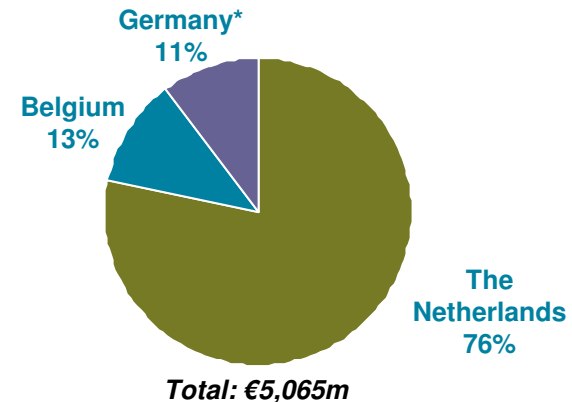
- Current position
 - *Chairman of the Executive Board of Delta Lloyd NV*
- Supervisory Board memberships
 - *NIBC NV*
 - *Stadsherstel Amsterdam NV*
- Year of Appointment
 - *1997 Executive Board member, 2001 Chairman*
- Year of Birth
 - *1956*
- Nationality
 - *Dutch*



Who We Are

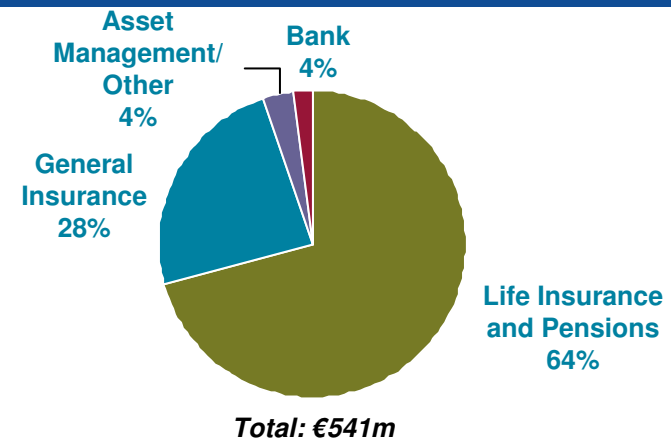
- A strong Group secured on 200 years of reliability and trust
- An insurance company and financial services provider
 - *Life insurance, General Insurance, Asset Management and Banking*
- Distribution mainly through three labels: Delta Lloyd, OHRA and ABN AMRO
- Always been an independently run company, also as part of the Aviva Group

2009 GWP by Geography¹



*Decision taken to cease writing new business

2009 Operational Result by Segment²

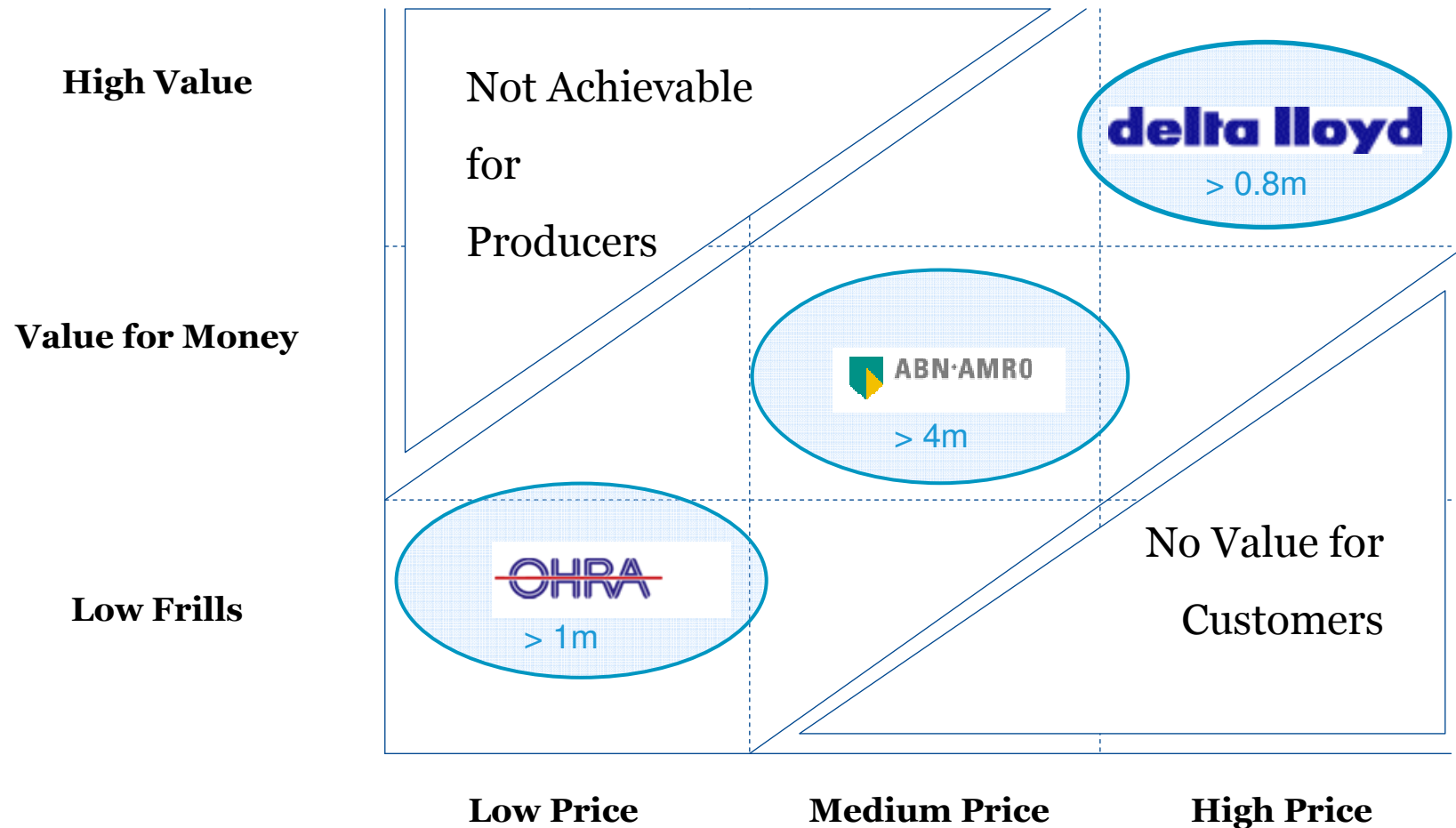


1. Segment Other is included in The Netherlands.

2. Total operational result before tax of €541m, pie chart AM includes "Other" segment with negative contribution of €(13)m.

Growing Through Customer Focus

Multi-brand, Multi-channel Distribution Enable Customer Segmentation



The Delta Lloyd IPO

- Listing on NYSE Euronext Amsterdam Stock Exchange on 3 November, 2009
 - *Offering price of €16 per share*
 - *Offering size €1.09bn, including Greenshoe*
 - *Inclusion in the AMX index as per March 2nd*
- First sizeable IPO in Western Europe in 2009, largest IPO in the Netherlands in 3 years
- Retail marketing campaign successfully enhanced public awareness of Delta Lloyd in addition to generating significant demand
 - *10% IPO allocation (before over-allotment)*
- Management have built strong relationships with investor community
 - *Over 150 investors met during and since IPO*

The Delta Lloyd Group Investment Case

Delivering Sustainable Value for Shareholders Through Long Term Focus

1

Growing through Customer Focus

2

Operational Profitability through Cost Discipline

3

Strong Capital and Risk Management

4

Leading Market Positions, Well-Placed for Consolidation

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Financial Performance 2009

- Substantial premium volume of €5.1bn
- Operational result after tax and minorities of €366m up 19%¹ y-o-y
- Net result (after tax and minorities) of €(124)m
- Shareholders' funds increased with €0.7bn to €3.9bn²
- Group MCEV increased with €1.0bn to €4.5bn²
- Group insurance solvency increased to 201%
- Proposed dividend of €0.50 per share (optional cash or stock) in June over 2009; Interim dividend in August over 2010

1. Operational result 2008 restated by €4.7m as result of pension fund valuation adjustment.

2. Net of minorities; Includes €0.2bn increase due to preference shares A and preference shares B capital restructuring.

Strong Performance on Business Objectives

	Objective	2009
Life Insurance	<ul style="list-style-type: none"> New business margin targets: <ul style="list-style-type: none"> – <i>Individual Life</i> : 2% – <i>Group Life</i>: 1% 	0.8% ¹ 2.0%
General Insurance	<ul style="list-style-type: none"> Combined ratio of 98% or better across the cycle 	98.3%
Efficiency	<ul style="list-style-type: none"> €125m cost savings target in 2009 €50m cost savings target in 2010 	2009: €146m delivered (€21m of 2010 target delivered ahead of schedule)
Shareholder Return	<ul style="list-style-type: none"> Operational RoE: mid point of 10% (range 8%-12%) Dividend pay out ratio of around 40-45% of operational result after tax and minorities 	11.6% Proposed 41% pay-out ratio ²
Capitalisation	<ul style="list-style-type: none"> Group Insurance Solvency at least 175% 	201%

1. Excluding Germany that intends to cease new sales. Including Germany (1.2)%.

2. No 2009 interim dividend

Strategic and Market Highlights

- **2009: A historic year for Delta Lloyd Group on the strategic front**
 - *Successful listing on NYSE Euronext Amsterdam*
 - *ABN AMRO JV / Fortis extension announced*
 - *Integration of Swiss Life Belgium into DL Life Belgium on schedule*
 - *Successful transfer of Health business to CZ*
- **Successfully capitalised on market opportunities**
 - *Tapped customer demand for new banking annuity product – strong increase in savings*
 - *Reopened continental European RMBS market with €0.9bn Arena funding transaction*
 - *Inflow of new pension contracts increasing in H2 2009*
- **2010 announcements so far**
 - *Inclusion in AMX index as of March 2nd*
 - *Intention to cease new sales in Germany*
 - *Bought out partner of Delta Deelnemingen Fonds*

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Risk Management Is Key to Business Success

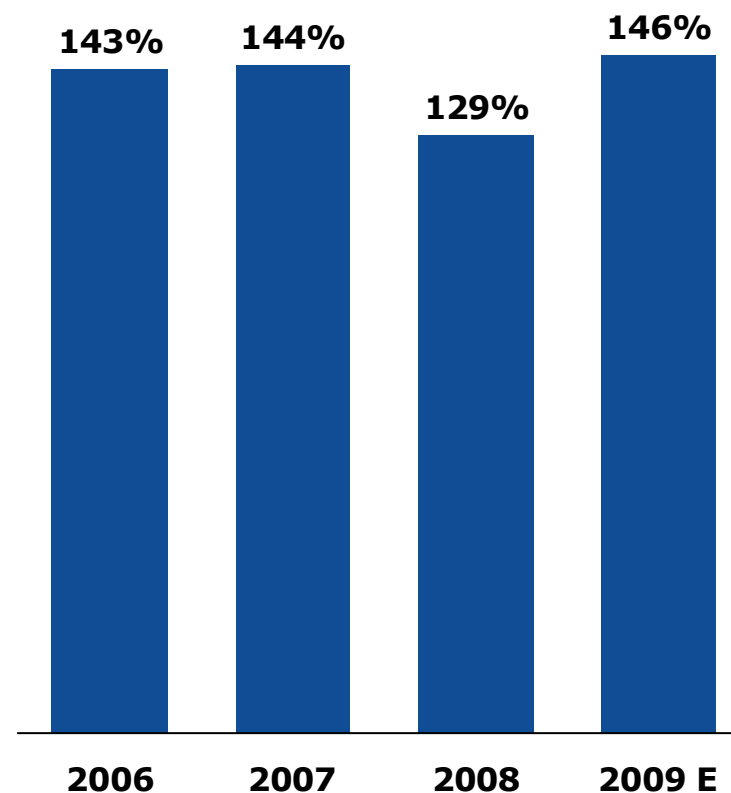
- **Strongly embedded in the organisation**
 - *Executive Board takes full risk management responsibility*
 - *Long history of ALM risk management capabilities*
- **Enabled the Group to weather the crisis**
 - *Provided a solid balance sheet*
- **Generates a commercial advantage**
 - *Resilient performance through crisis positioned Delta Lloyd at forefront of market for capital strength*
 - *Risk management supporting Group Pension leadership*

Risk Management Framework

Overview

- **Delta Lloyd manages to both regulatory and economic capital frameworks**
- **Risk management based on economic, real-world risk approach**
 - *In-line with development of current EU Solvency II framework (QIS4)*
 - *Methodology subject to annual review by Tillinghast and E&Y*
- **Capital requirements based on 99.5% stress scenario**
 - *Conservative approach to surplus capital*
 - *Economic Capital coverage target of at least 110%*
- **Improved capital position**

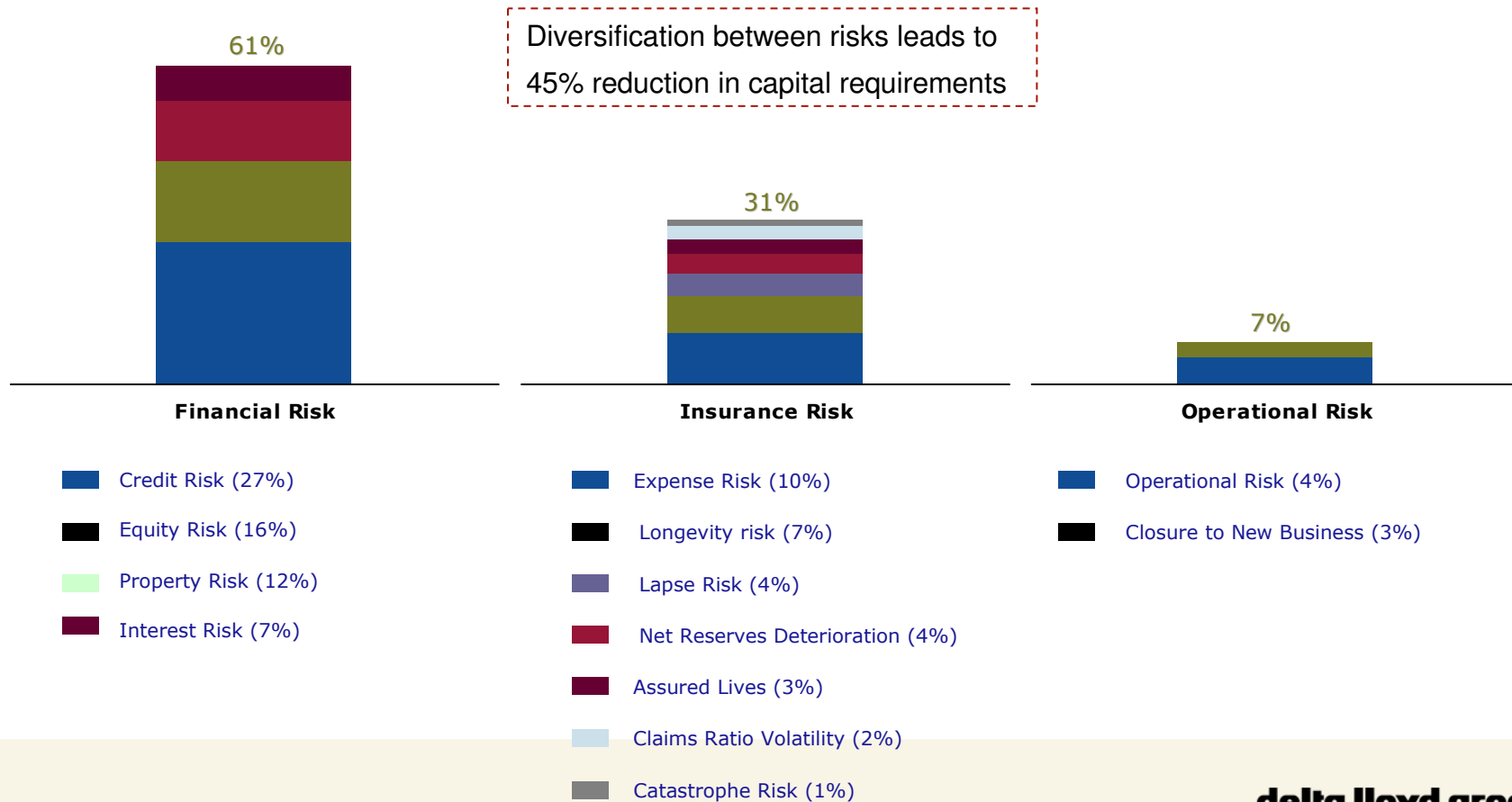
Economic Capital Position



Overview of Risk Exposures

FY 2008 (Pre-Diversification Basis)

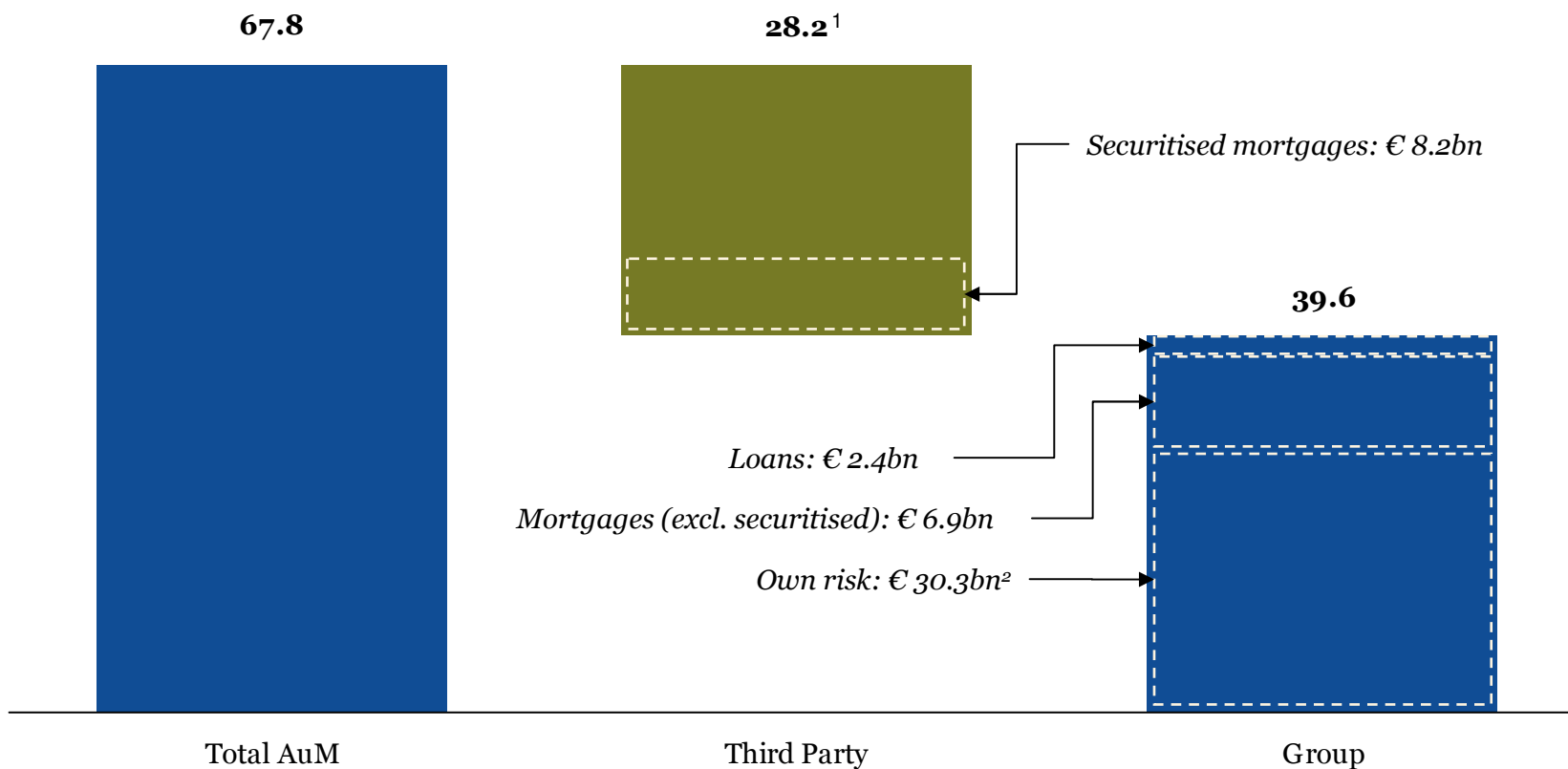
- **Financial risk is the primary source of risk for Delta Lloyd, accounting for 61% of total requirements, followed by insurance risk (31%) and operational risk (7%)**



Overview of Investments

Risk Management

In €bn, as at FY 2009



1. Includes € 8.1bn off-balance sheet assets, € 3.7bn separate accounts, € 8.5bn unit-linked portfolio, € 0.8bn CIF, € 0.4bn short term investment deposits, € 8.2bn securitised mortgages, € (0.8)bn deposits and owner occupied real estate.

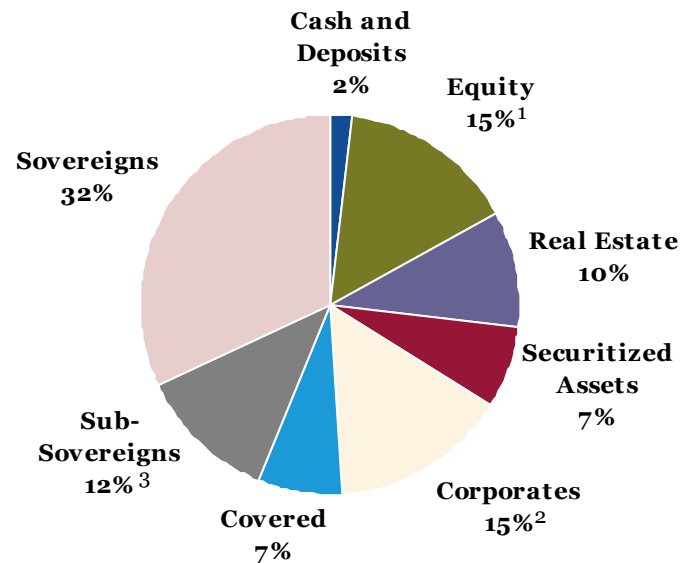
2. Own risk assets are based on management views on risk and differs from IFRS classification of own risk assets.

Overview of Asset Risk Exposures (Own Risk Assets by Type)

Risk Management

Own Risk Insurance Portfolio 2009 = €30.3bn

Key Portfolio Highlights



- Marked-to-market
- 73% in fixed income (mostly EU sovereigns and sub-sovereigns)⁴
- Investment portfolio changed to less liquid assets
 - *Increase in covered bond and mortgage portfolio*
- Equities are mostly hedged while retaining upside potential
- Real estate portfolio is 42% residential and with 98% occupancy rates
- Limited exposure to structured credit
- No Alt-A or subprime

1. Includes private equity, preference shares, and others.

2. Includes corporate credit and fixed income investment funds.

3. Includes covered bonds with state/government guarantee.

4. Exposure to Greece per YE 2009 €1,346m and per February 26th 2010 approximately €415m.

Equity Risk & Interest Rate Risk

Risk Management

Equity Risk Hedging Strategy

Hedging strategy: protection against downside risk of the equity portfolio while maintaining upward potential

- *Losses should not exceed 20% of the market value of Group equity*
- *Notional amount hedged of: €3.0bn*
- *Put options (basis protection, spreads, barriers)*
- *Variance swaps (volatility hedge)*
- *Future strategy (closing protection)*

Interest Rate Risk Hedging Strategy

Hedging strategy: eliminate the risk of an interest rate movement exceeding 5% of the market value of Group equity

- *Receiver swaps to increase the duration of the assets*
- *Use of illiquid assets to capture liquidity premium*
- *A combination of receiver swaptions and payer swaptions for hedging embedded options in the insurance liabilities*

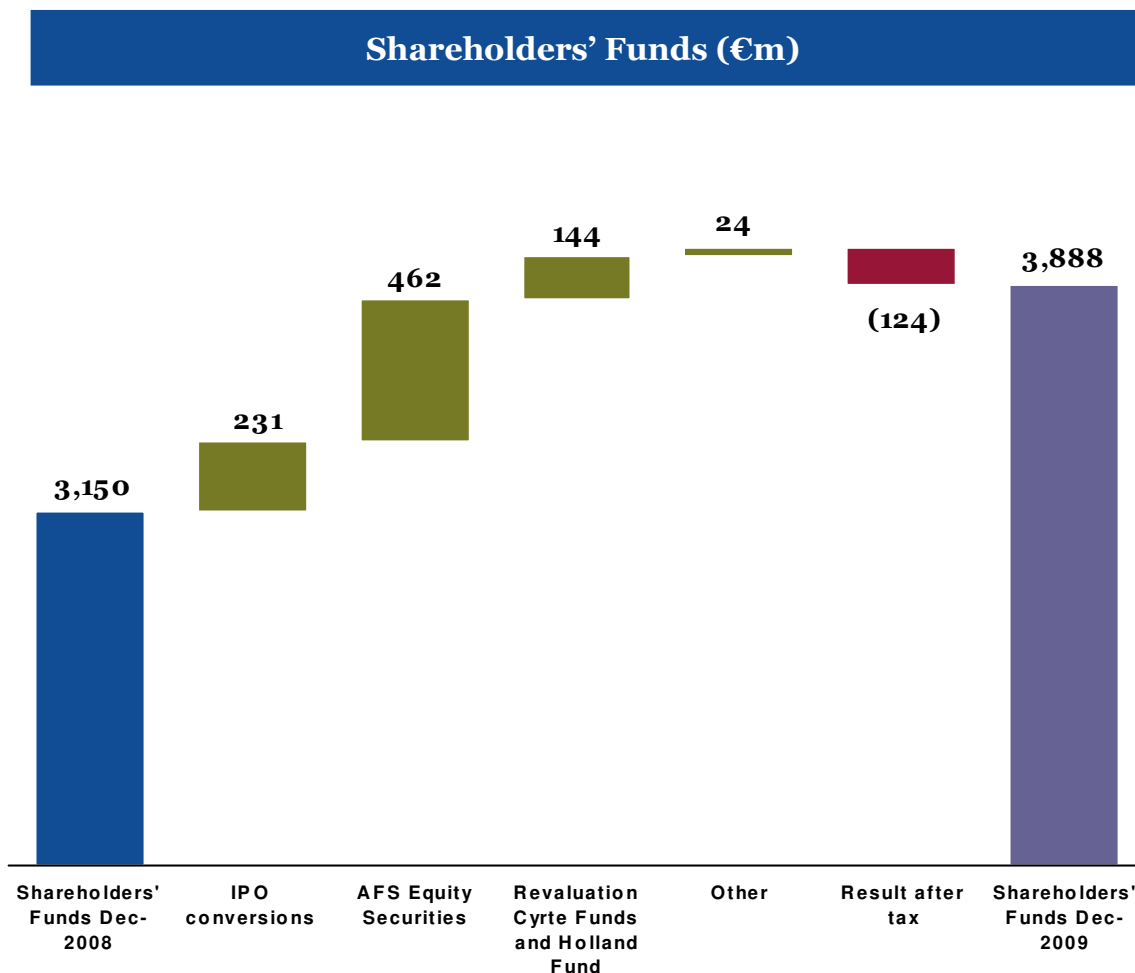
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Shareholders' Funds Development

Results

Shareholders' Funds (€m)



- **Shareholders' Funds increased by €738m compared to last year**
- IPO Conversions +€231m
 - Aviva sub debt €207m
 - Fund NutsOhra sub debt €22m
 - Pref Shares A €3m
- Revaluation AFS Equities +€462m
- Revaluation Cyrte Funds and Holland Funds +€144m
- Other:
 - Revaluation owner occupied property + €8m
 - Revaluation fixed income €(1)m
 - PPA tax adjustment Swiss Life Belgium +€17m
- Retained Earnings €(124)m

2008 shareholders' funds restated to €3,150m from earlier reported €3,018m as result of an internal pension fund valuation adjustment of €131 m

Net Result versus Comprehensive Income Results

Net Result versus Comprehensive Income			
€m	Result	OCI	Comprehensive Income
Equity	(278)	653	375
Interest	189	(29)	161
Property	55	11	66
Technical Result	(46)	-	(46)
Other	(43)	-	(43)
Tax	(1)	(5)	(6)
Total	(124)	630	506

- *Main difference between comprehensive income and result before tax is due to equity effect*
- *This difference is explained by the movement in the Revaluation Reserve*
- *Unrealised equity revaluation only shown in comprehensive income and not included in result*
- *Technical result includes expense result and claims result*

Shareholder Capital and Surplus Generation

MCEV

Capital and Surplus Generation

€m	2008	2009
Operational Surplus Generation:	270	393
Life In-Force Profits	345	399
New Business Strain ¹	(190)	(129)
General Insurance profits	119	91
Bank & Asset Management	(4)	32
Movement in Capital Requirement	(239)	(36)
Life In-Force ²	183	132
New Business Strain ³	(306)	(158)
GI	(27)	3
Bank & Asset Management	(89)	(14)
Operational Cash Generated	31	357

1. New business strain is the change in the Net Worth due to the New Business in the MCEV.

2. The change in movement in capital requirement for Life in Force is based on the MCEV (change in total RC minus New Business).

3. The change in movement in capital requirement for NB based on the MCEV (movement in RC for NB).

Net Tangible Equity

€m	% 'Hard' Equity of total	
	Delta Lloyd	% of total Equity
Equity (IFRS)	3,888	100%
Goodwill	331	9%
VOBA	37	1%
Other ¹	111	3%
Tangible Equity (ex GW/VOBA)	3,409	88%
DAC	223	6%
Tangible Equity (excl.DAC)	3,186	82%

- *Shareholders' Equity
88% 'hard' capital*
- *Limited goodwill in
Delta Lloyd Group (as of
FY 2009 €331m
excluding Value of
Business Acquired)*
- *Existing goodwill
mainly related to ABN
AMRO JV and Swiss Life
Belgium*

¹ Other consists mainly of acquired distribution channels

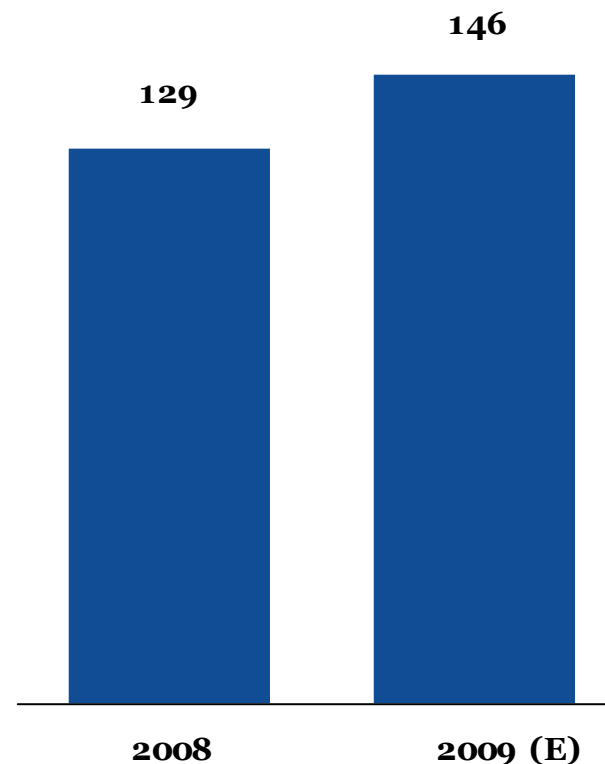
Preparing for Solvency II

Risk Management

Delta Lloyd Has Started Preparing for Solvency II

- Strong tangible capital position
 - 88% of IFRS Shareholders' Funds
 - 76% of Group MCEV
- Delta Lloyd views on impact of Solvency II
 - We welcome the Solvency II framework for its economic principles and focus on risk management
 - We agree with most of CEIOPS advice but are critical of advice on risk free rates, property and calibration of non-life and credit spread tests
 - Dramatic negative impact on solvency ratios – due to overly conservative stress parameters without dampening effects
- Delta Lloyd aims for internal model approval and is now preparing for the pre application process
- Continuation of economic valuation of balance sheet, for risk management and reporting purposes
 - Estimated 2009 Economic Capital Position 146%

Economic Capital Position (%)



Conclusion

- **Strongly positioned to face challenges and opportunities:**

- *Strong Tangible Capital position*

- *Adequate Risk management which provides Delta Lloyd with a stable asset base, and supports product pricing decisions*

- *Dynamic Asset Management approach to implementing hedge policies, tailored to market environment*

- **Conclusion:**

“Risk Management is central to continuity and value creation at Delta Lloyd”

Q&A

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