

Delta Lloyd N.V.

a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands
with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands

Offering of up to 63,500,000 ordinary shares

CGU International Holdings B.V. (the **Selling Shareholder**) is offering up to 63,500,000 ordinary shares (the **Offer Shares**) in the capital of Delta Lloyd N.V. (the **Company**). The Offer Shares will constitute up to 38.4% of the issued and outstanding share capital of the Company (the **Offering**) after giving effect to the restructuring of the capital structure of the Company and its subsidiaries (the **Group**) described herein.

The Offering consists of: (i) a public offering to institutional and retail investors in the Netherlands, and (ii) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered: (i) within the United States, to “qualified institutional buyers” (**QIBs**) as defined in Rule 144A (**Rule 144A**) under the US Securities Act of 1933, as amended (the **US Securities Act**), pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws, and (ii) outside the United States, in accordance with Regulation S under the US Securities Act (**Regulation S**).

The Company will not receive any proceeds from the sale of the Offer Shares and the Additional Shares (as defined herein), if any, the net amount of which will be received by the Selling Shareholder. The Selling Shareholder is a wholly-owned indirect subsidiary of Aviva plc (**Aviva**).

Prior to the Offering, there has been no public market for the ordinary shares of the Company (the **Ordinary Shares**). Application has been made to list all the Ordinary Shares under the symbol “DL” on Euronext Amsterdam by NYSE Euronext (**Euronext Amsterdam**). Subject to acceleration or extension of the timetable for the Offering, trading on an “if-and-when-delivered” basis in the Ordinary Shares on Euronext Amsterdam is expected to commence on or around Tuesday 3 November 2009 (the **First Trading Date**).

Investing in the Ordinary Shares involves certain risks. See “Risk Factors” for a description of the factors one should consider before investing in the Ordinary Shares.

Price of the Offer Shares (the **Offer Price**):

expected to be between EUR 15.50 and EUR 19.00 (inclusive) per Offer Share (the **Offer Price Range)**

The Offer Price and the exact number of Offer Shares will be determined after the Offer Period (as defined herein) has ended, and after taking into account the conditions described in “The Offering”. Prior to allocation of the Offer Shares (**Allocation**), the maximum number of Offer Shares can be increased or decreased and the Offer Price Range can be changed. Any such change will be announced in a press release on the Company’s website. The Offer Price and the exact number of Offer Shares will be set out in a pricing statement that will be deposited with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) (the **AFM**) and published in a press release on the Company’s website and on the website of Euronext Amsterdam N.V. (**Euronext**). Printed copies of the pricing statement will be made available at the registered office of the Company.

There will be a preferential allocation of Offer Shares to eligible retail investors in the Netherlands (the **Preferential Retail Allocation**). Each eligible retail investor in the Netherlands will be allocated the first 550 (or fewer) Offer Shares for which they apply, provided that if the total number of Offer Shares allocated to eligible retail investors, together with the total number of Offer Shares allocated pursuant to the Employee Allocation (as defined below), would exceed 15% of the total number of Offer Shares, the preferential allocation to eligible retail investors may take place *pro rata* to the first 550 (or fewer) Offer Shares for which each eligible retail investor applies. As a result, eligible retail investors may not be allocated all of the first 550 (or fewer) Offer Shares that they apply for. The exact number of Offer Shares allocated to eligible retail investors will be determined after the Offer Period (as defined herein) has ended. Further, eligible employees of the Group residing in the Netherlands will each be allocated 9 Offer Shares at no cost to the employee (the **Employee Allocation**).

The Selling Shareholder has granted to the Joint Global Coordinators on behalf of the Underwriters (as defined herein) an option (the **Over-Allotment Option**), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to sell at the Offer Price up to 6,350,000 additional Ordinary Shares held by it, comprising up to 10% of the total number of Offer Shares sold by it in the Offering (the **Additional Shares**), to cover short positions resulting from any over-allotments made in connection with the Offering.

This document (the **Prospectus**) does not constitute an offer to sell or the solicitation of an offer to buy Offer Shares or Additional Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Offer Shares and Additional Shares (if any) have not been and will not be registered under the US Securities Act. Each purchaser of Offer Shares or Additional Shares offered hereby, in making a purchase, will be deemed to have made certain acknowledgements, representations and agreements as set out in “Selling and Transfer Restrictions”. Potential investors in the Offer Shares or Additional Shares should carefully read “Selling and Transfer Restrictions”.

Delivery of the Offer Shares is expected to take place on or about Friday 6 November 2009 (the **Settlement Date**) through the book-entry systems of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland (**Euroclear Nederland**), in accordance with its normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds.

If closing of the Offering does not take place on the Settlement Date or at all, the Offering will be withdrawn, all applications to purchase the Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made will be returned without interest or other compensation and Euronext may annul transactions that have occurred. All dealings prior to settlement and delivery of the Offer Shares and Additional Shares are at the sole risk of the parties concerned. The Underwriters, the Company, the Selling Shareholder, the Listing Agent (as defined herein) and Euronext do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Offering or the related annulment of any transaction in Ordinary Shares on Euronext Amsterdam. For more information regarding the conditions to the Offering and the consequences of any termination or withdrawal of the Offering, see “The Offering”.

This Prospectus constitutes a prospectus for the purposes of Article 3 of European Union (EU) Directive 2003/71/EC (the **EU Prospectus Directive**) and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the **Dutch Financial Supervision Act**). This Prospectus has been approved by the AFM.

Joint Global Coordinators

GOLDMAN SACHS INTERNATIONAL MORGAN STANLEY

Joint Bookrunners

GOLDMAN SACHS INTERNATIONAL MORGAN STANLEY
BofA MERRILL LYNCH J.P. MORGAN RBS HOARE GOVETT

Joint Co-Lead Managers

ABN AMRO BANK N.V. RABO SECURITIES

Retail Banks Coordinator

RBS HOARE GOVETT

This Prospectus is dated 19 October 2009.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Offer Shares and any Additional Shares offered hereby have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offering and any offer of any Additional Shares is being extended (i) in the United States, to QIBs pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements under the US Securities Act and applicable state securities laws, and (ii) outside the United States, in offshore transactions in accordance with Regulation S. Any Offer Shares or Additional Shares offered and sold in the United States will be subject to certain transfer restrictions as described in “Selling and Transfer Restrictions”. The Offer Shares and any Additional Shares offered hereby have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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The following information should be read as an introduction to this Prospectus only. Any decision to invest in the Ordinary Shares should be based on a consideration of this Prospectus and the information incorporated by reference into this Prospectus as a whole and not just this summary.

Where a claim relating to the information contained in, or incorporated by reference into, this Prospectus is brought before a court in a Member State, the claimant might, under the national legislation of that Member State, have to bear the costs of translating this Prospectus or any document incorporated by reference herein before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, but only if this summary (or any translation of this summary) is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus (including information incorporated by reference herein).

Certain capitalised terms used in this Summary are defined in “Definitions” or “Glossary of Insurance Terms”.

SUMMARY OF THE BUSINESS

Introduction

The Group is a financial services provider offering life insurance, general insurance, fund management and banking products and services with its targeted markets being the Netherlands and Belgium. In 2008, the Group recorded gross written premiums of EUR 5,911 million. In the Netherlands, the Group was the fifth largest provider of life insurance by gross written premiums (third in group life and fifth in individual life), and the fourth largest provider of general insurance by gross written premiums (excluding health insurance) in 2007 (source: AM Jaarboek 2008). The Group's Dutch operations accounted for 77% of its total income for the year ended 31 December 2008 and the Belgian operations accounted for 14% of total income for the same period. The Group also has operations in Germany (9% of total income for the year ended 2008). The Group is considering its strategic options in Germany, which may include a sale. As at 30 June 2009, the Group had EUR 66.3 billion of assets under management, including EUR 34.6 billion managed by the Group's fund management business line, and EUR 31.7 billion managed by divisions under other business lines (including EUR 13.8 billion in mortgage loans).

The Group employs a multi-brand, multi-channel strategy in the Netherlands in order to position itself advantageously in different distribution channels and customer and pricing segments in the insurance market. The primary differences among the Group's three principal Dutch brands (Delta Lloyd, ABN AMRO Insurance and OHRA) result from the positioning, pricing, marketing and distribution of their products. Through the Delta Lloyd brand, the Group targets retail and commercial customers in the middle to premium range of the life and general insurance markets, distributing primarily through Intermediaries. Through the ABN AMRO Insurance brand, the Group generally targets individuals, but has some group and commercial customers, in the middle range of the life and general insurance markets, leveraging the distribution network of ABN AMRO Bank's Bancassurance. Through the OHRA brand, the Group offers commodity products in the life and general insurance markets, distributing primarily through direct channels such as call centres and the internet. In Belgium and Germany, the Group distributes its insurance products through Intermediaries and tied agents (agents which sell only products of the Group). In Belgium, the Group also distributes through its own network of bank branches.

The Group has extensive distribution networks with large customer bases in the Netherlands and Belgium, which it believes will provide the platform for the Group to continue to grow in those mature markets. In addition, the Group has maintained a strong capital position through the recent economic downturn. The Group seeks to grow through a combination of organic growth and targeted acquisitions.

The Group's core business lines are the following:

- **Life Insurance:** The Group's life insurance operations are its primary business and accounted for 72% of the Group's net operational result for the six months ended 30 June 2009 and 73% for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result"). The Group offers, through its multiple brands, a range of products from commodity insurance products to tailor-made and often sophisticated insurance products, as well as commodity savings and financial planning services. Its core life insurance products include pension (in particular group pension) products and administration services for group customers and traditional and unit-linked life insurance and savings products for individual customers. The Group offers individual and group life insurance in the Netherlands principally under the Delta Lloyd, ABN AMRO Insurance and OHRA brands, utilising different customer and pricing strategies through Intermediaries (Delta Lloyd), Bancassurance (ABN AMRO Insurance) and direct (OHRA) distribution channels. In Belgium, the Group sells individual and group life insurance primarily under the Delta Lloyd Life brand, distributed through the Group's own network of bank branches and tied agents, as well as through Intermediaries. In Germany, the Group sells individual and group life insurance primarily under the Delta Lloyd brand, distributed through Intermediaries and, increasingly, tied agents. Life insurance generated EUR 1,937 million in gross written premiums in the six months ended 30 June 2009 and EUR 4,533 million in gross written premiums in the year ended 31 December 2008.
- **General Insurance:** The Group's general insurance operations accounted for 22% of the Group's net operational result for the six months ended 30 June 2009 and 28% for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result"). The Group offers a broad range of general insurance products, principally in the Netherlands, including products such as motor, fire, liability, income and absenteeism and marine/pleasure craft insurance policies. The Group's general insurance products are distributed to both private and commercial customers in the Netherlands under the Group's three principal brands using distribution channels similar to those used for its life insurance operations. Following the sale of the Group's Dutch health insurance business to CZ (with effect from 1 January 2009), the Group acts as a distributor of certain health insurance products underwritten by CZ which are sold under the Delta Lloyd and OHRA brands, for which the Group receives fees and commissions. In Belgium certain general insurance products (motor, liability and fire) are also offered through the Zelia brand. The Group does not offer its own general insurance products in Germany, but distributes insurance underwritten by third parties. General insurance generated EUR 830 million in gross written premiums in the six months ended 30 June 2009 and EUR 1,378 million in gross written premiums in the year ended 31 December 2008.
- **Fund Management:** Delta Lloyd Asset Management constitutes the Group's fund management business line, and accounted for 4% of the Group's net operational result for the six months ended 30 June 2009 and 3% for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result"). The fund management business line's product offerings include a range of third party investor funds for institutional and retail customers and discretionary mandates for institutional customers. The Group's fund management business line managed 77% of the Group's own risk assets as at 30 June 2009, as well as third party institutional and retail assets. Certain other business lines of the Group also manage assets which are accounted for in those business lines. Delta Lloyd Asset Management has an advisory role for the assets managed by the other business lines. The fund management business line's total assets under management were EUR 34.6 billion as at 30 June 2009, of which EUR 12.0 billion were managed for third parties, and EUR 37.3 billion as at 31 December 2008, of which EUR 11.3 billion were managed for third parties.

- **Banking:** The Group's banking business line accounted for 2% of the Group's net operational result for the six months ended 30 June 2009 and had a negative contribution to the Group's net operational result for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result"). The Group's banking business line offers a range of banking products and services in the Netherlands and Belgium. Its banking products and services in the Netherlands primarily include mortgage loans, as well as savings and *bancaire lijfrente* distributed through Intermediaries and direct channels. In the Netherlands, the Group uses Amstelhuys (a wholly-owned subsidiary of the Company which is not included in the banking business line) as originator of most of its residential mortgage loans and as a funding vehicle. In Belgium, the Group offers retail, private and commercial banking services through its own network of 93 branches, as well as through 157 tied agents and direct channels. The Group also has a small private bank in Germany. The banking loan portfolio of the Group's banking business line (which does not include Amstelhuys) as at 30 June 2009 was EUR 7,098 million, of which EUR 4,813 million were mortgage loans. The mortgage loan portfolio of Amstelhuys was EUR 6,360 million as at 30 June 2009, of which EUR 5,383 million was securitised.

Strengths

- Core Customer Focus on the Netherlands and Belgium
- Financial Strength; Strong Risk Management
- Record of Cost Savings
- Leading Market Positions; Well-Placed for Consolidation
- Commitment to Responsible Behaviour; Commitment to Customers

Strategy

- Leveraging the Group's strong reputation to develop long-term customer relationships as their insurance and financial services needs evolve
- Expanding the customer base by further developing the distribution power of the Group and pursuing targeted acquisition and merger opportunities while continuing to focus on profitable products
- Drawing on expertise to offer products and services which capitalise on market trends
- Streamlining operations to reduce costs and improve efficiency

Current Trading

For a discussion of the Group's current trading position, see "Operating and Financial Review – Current Trading".

RISK FACTORS

The following is a summary of what the Company believes are the essential risks associated with investing in the Company and the Ordinary Shares. For a more detailed discussion, see “Risk Factors”. Investors should carefully consider these risk factors together with all other information included in this Prospectus.

Financial Risks

- Changes in the financial markets and general economic conditions could have a material adverse effect on the Group’s business, revenues, results and financial condition
- The Group is exposed to credit risks, and defaults or increased fear of default of the Group’s debtors or entities in which the Group has invested could have a material adverse effect on the value of the Group’s assets
- The Group is exposed to counterparty risk in relation to other financial institutions. Deteriorations in the financial soundness of other financial institutions may have a material adverse effect on the Group’s business, revenues, results and financial condition
- The Group’s exposure to fluctuations in the equity, fixed income and property markets could result in a material adverse effect on its returns on invested assets and the value of its investment portfolio or its solvency position
- Interest rate volatility and sustained low interest rate levels could have a material adverse effect on the Group’s revenues, results and financial condition
- The Group’s MCEV and liabilities as reported under IFRS will decrease and increase respectively if the yield curve used in valuing such MCEV and liabilities incorrectly reflects returns on assets with minimal credit risk, which could have a material adverse effect on the Group’s MCEV, IFRS results and financial condition
- Prolonged investment underperformance of the Group’s funds under management may cause existing customers to withdraw funds and potential customers not to grant investment mandates, which could have a material adverse effect on the Group’s business, revenues, results and financial condition
- Illiquidity of certain investment assets could prevent the Group from selling investments at fair prices in a timely manner
- Adverse experience compared with the assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group’s business, revenues, results and financial condition
- Changes in longevity, mortality and morbidity experience may materially adversely affect the results of the Group
- The Group is exposed to the risks of a downgrade or a potential downgrade in its financial strength or credit ratings
- Reinsurance may not be available, affordable or adequate to protect the Group against losses, and reinsurers may default on their reinsurance obligations
- The funding for the Group’s mortgage business traditionally relied on securitisations, which market has generally been unavailable since late 2007. As a result, the Group’s cost of funds has increased and in certain circumstances, the Group may be unable to find alternative sources of funding, or such funding may be available only on unfavourable terms
- If the Group’s use of derivatives to protect itself against certain risks is inadequate or ineffective in limiting the Group’s exposure, the Group’s business, revenues, results and financial condition may be materially adversely affected
- The Group’s liabilities under collective pension contracts could increase if there is a mismatch between the Dutch inflation rate and the European inflation rate

- The Group's future pension expenses are based on actuarial assumptions that may differ from the actual outcome and the market value of the Group's pension assets could decline, either or both of which could have a material adverse effect on its results or cash flow and divert resources which could be used elsewhere in its business
- Catastrophic events could result in material financial losses in the Group's insurance business

Strategic Risks

- The Group relies heavily on its network of intermediaries in the Netherlands to sell and distribute its products and may not be able to maintain a competitive distribution network
- The Group faces significant competition from other insurers and non-insurance financial services companies such as banks, broker-dealers and asset managers which offer the same or similar products and services, in each of its markets
- The Group is exposed to further changes in the competitive landscape in which it operates
- The Group is exposed to the risk of damage to its brands, the brands of its partners and its reputation
- The Group business has strategic alliances with ABN AMRO Bank and CZ. The termination of or any change to these alliances could have a material adverse effect on the Group's business, revenues, results and financial condition
- The Group's business is concentrated in the Netherlands
- The future of the Group's German operations is currently under review and implementing the outcome of that review could prove difficult and/or costly
- The Group could fail to effectively identify or execute strategic acquisitions, joint ventures, alliances or investments, and if such transactions are pursued, it could fail to implement and exploit them successfully or realise anticipated benefits in a timely manner

Regulatory Risks

- The Group is required to maintain significant levels of capital and to comply with a number of regulatory requirements relating to its operations, solvency and reporting bases. If the Group were in danger of failing, or fails, to meet its minimum capital requirements or to maintain sufficient assets to satisfy certain regulatory requirements, the supervisory authorities have broad authority to require it to take steps to protect policyholders and other clients and to compensate for capital shortfalls
- The European Commission is currently in the process of introducing a new regime governing solvency margins and provisions for insurance companies, the effect of which is uncertain
- Changes in government regulations in the countries in which the Group operates may have a material adverse effect on its business, revenues, results and financial condition
- Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition
- The Group is exposed to the risk of mis-selling claims from customers who feel misled or treated unfairly
- Changes in tax law may render the Group's products less attractive, or affect its own tax position

Operational Risks

- The Group's operations support complex transactions and are highly dependent on the proper functioning of information technology and communication systems. Any failure of its information technology or communications systems could have a material adverse effect on its results and reputation
- The Group may not be able to implement its cost reduction and efficiency programmes which it considers of strategic importance to achieve growth and protect or increase profitability

- The Group may be exposed to failures in its risk management systems resulting in inadequate or failed processes or systems and human errors and fraud that could materially adversely affect its business, revenues, results or financial condition
- The Group may not be able to retain or attract personnel who are key to the business
- Catastrophic events could threaten the Group's business continuity

Financial Reporting Risks

- Changes in accounting standards or policies could materially adversely affect the Group's reported results and Shareholders' equity
- Defects and errors in the Group's processes, systems and reporting may cause internal and external miscommunication, wrong decisions and/or wrong reporting to clients

Risks Related to the Offering and the Ordinary Shares

- Following the Offering, the majority of the Ordinary Shares will remain with one Shareholder, which is able to exercise substantial influence over certain corporate matters and may vote in a way with which investors do not agree and this concentration of ownership could adversely affect the trading volume and market price of the Shares or delay or prevent a change of control that could otherwise be beneficial to the Shareholders
- There has been no public trading in the Ordinary Shares prior to this Offering, the price of the Ordinary Shares may be volatile and investors may not be able to sell the Ordinary Shares at or above the Offer Price
- Future sales, or the possibility of future sales, of a substantial number of Ordinary Shares could depress the market price of the Ordinary Shares
- The Company may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholdings in the Company
- The Articles of Association contain protection provisions that may prevent or discourage takeover attempts that may be favourable to the Shareholders
- The Company's ability to pay dividends to Shareholders may be constrained
- If closing of the Offering does not take place on the Settlement Date or at all, purchases of the Offer Shares will be disregarded and Euronext may annul transactions that have occurred
- Holders of Ordinary Shares outside the Netherlands may not be able to exercise pre-emptive rights in future offerings

SUMMARY OF THE TERMS OF THE OFFERING

The summary below describes the principal terms of the Offering. Certain terms and conditions described below are subject to important limitations and exceptions. Please refer to “The Offering” and “Selling and Transfer Restrictions” for a more detailed description of the terms and conditions of the Offering.

Company	Delta Lloyd N.V., a public limited liability company (<i>naamloze vennootschap</i>) incorporated in the Netherlands with its statutory seat (<i>statutaire zetel</i>) in Amsterdam, the Netherlands.
Selling Shareholder	CGU International Holdings B.V., a private limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated in the Netherlands with its statutory seat in Amsterdam, the Netherlands and its principal place of business at St. Helen's, 1 Undershaft, London EC3P 3DQ, United Kingdom. The Selling Shareholder is a wholly-owned indirect subsidiary of Aviva plc, a public limited company organised under the laws of England.
Number of Offer Shares	<p>The Selling Shareholder is offering up to 63,500,000 Offer Shares. The Offer Shares will constitute up to 38.4% of the issued and outstanding share capital of the Company giving effect to the restructuring of the Group's capital structure. See “<u>Description of Share Capital and Corporate Structure – Composition of the Share Capital – Restructuring of the share capital</u>” and “<u>Major Shareholders and Related Party Transactions</u>”.</p> <p>In addition, the Selling Shareholder has granted the Joint Global Coordinators on behalf of the Underwriters the Over-Allotment Option, as described below. The Selling Shareholder in consultation with the Company following recommendations from the Joint Bookrunners on behalf of the Underwriters, reserves the right, based on, among others, criteria disclosed in this Prospectus, to increase or decrease the size of the Offering. Any such change will be published in a press release on the Company's website.</p>
Ordinary Share Ownership	Immediately after the closing of the Offering, assuming no exercise of the Over-Allotment Option, approximately 61.0% of the total Ordinary Shares will be owned by the Selling Shareholder. In the case of full exercise of the Over-Allotment Option, 57.1% of the total Ordinary Shares will be owned by the Selling Shareholder. In each case the foregoing percentages assume the maximum offer size set forth on the cover page of this Prospectus and assumes an Offer Price at the mid-point of the Offer Price Range. See “ <u>Description of Share Capital and Corporate Structure – Composition of the Share Capital – Restructuring of the share capital</u> ” and “ <u>Major Shareholders and Related Party Transactions</u> ”.
Offering	The Offering consists of (i) a public offering to institutional and retail investors in the Netherlands and (ii) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered: (i) within the United States to QIBS pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws and (ii) outside the United States, in accordance with Regulation S.

Offer Period

Prospective investors may apply for Offer Shares during the period commencing on Monday 19 October 2009 at 9:00 CET and ending on Monday 2 November 2009 at 16:00 CET.

The timetable of the Offering may be accelerated or extended. Any extension will be published in a press release on the Company's website at least three hours before the end of the original Offer Period, provided that any extension will be for a minimum of one full business day. Any acceleration will be published in a press release on the Company's website at least three hours before the proposed end of the accelerated Offer Period. In any event, the Offer Period will be at least six business days.

Offer Price Range

The Offer Price Range is between EUR 15.50 and EUR 19.00 per Offer Share. Prior to the date on which Allocation will take place, the Offer Price Range can be changed. The Selling Shareholder in consultation with the Company following recommendations from Joint Bookrunners on behalf of the Underwriters, reserves the right, based on, among others, criteria disclosed in this Prospectus, to increase or decrease the Offer Price Range prior to Allocation. Any such change will be published in a press release on the Company's website. See "The Offering – Application to Purchase Offer Shares".

Offer Price

The Offer Price and the exact number of Offer Shares will be determined after the end of the Offer Period and after taking into account certain conditions and factors described elsewhere in this Prospectus. The Offer Price may be set within, above or below the Offer Price Range (see "The Offering – Offer Price and Number of Offer Shares").

The Offer Price and the exact number of Offer Shares offered will be set out in a pricing statement that will be deposited with the AFM and published in a press release on the Company's website and on the website of Euronext (see "The Offering – Offer Price and Number of Offer Shares").

Applications by eligible retail investors for the Offer Shares will only be made on a market order (*bestens*) basis.

Allocation

The Allocation is expected to take place on the first business day after the end of the Offer Period. Investors may not be allocated all of the first 550 (or fewer) Offer Shares for which they apply. Ultimately, the Joint Bookrunners, on behalf of the Underwriters in consultation with the Company and the Selling Shareholder, will determine the aggregate number of Offer Shares to be allocated.

Preferential Retail Allocation

Each eligible retail investor in the Netherlands will be allocated the first 550 (or fewer) Offer Shares that such investor applies for, provided that if the total number of Offer Shares allocated to eligible retail investors pursuant to the Preferential Retail Allocation, together with the total number of Offer Shares allocated pursuant to the Employee Allocation, would exceed 15% of the total number of Offer Shares, the preferential allocation to eligible retail investors may take place *pro rata* to the first 550 (or fewer) Offer Shares for which the eligible retail investor applies pursuant to the Preferential Retail Allocation. As a result, eligible retail investors may not be allocated all of the first 550 (or fewer) Offer Shares for which they apply. The

Employee Allocation

exact number of Offer Shares allocated to eligible retail investors will be determined after the Offer Period has ended. Each eligible employee of the Group who is resident in the Netherlands and has a permanent employment contract on 5 October 2009 will be allocated 9 Offer Shares at no cost to the employee. The Offer Shares allocated at no cost will be subject to a lock-up period up to and including 15 April 2010. Members of the Executive Board may receive a transaction bonus consisting of Ordinary Shares as acknowledgement for their efforts in the preparation of the Offering. See “Executive Board, Supervisory Board and Employees – Remuneration – Transaction Bonus”.

First Trading Date

Subject to acceleration or extension of the timetable for the Offering, listing of and trading in the Ordinary Shares on an “if-and-when-delivered” basis on Euronext Amsterdam is expected to commence on Tuesday 3 November 2009.

Over-Allotment Option

The Selling Shareholder has granted to the Joint Global Coordinators, on behalf of the Underwriters, an option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators on behalf of the Underwriters may require the Selling Shareholder to sell to the Underwriters at the Offer Price Additional Shares, comprising up to 10% of the total number of Offer Shares sold in the Offering, to cover short positions resulting from any over-allotments made in connection with the Offering.

Use of Proceeds

The Company will not receive any proceeds from the Offering. Aviva, through the Selling Shareholder, will receive the net proceeds from the Offering and, if the Over-Allotment Option is exercised, the net proceeds from the sale of the Additional Shares.

Lock-up Arrangements

The Company, Aviva and the Selling Shareholder have agreed certain lock-up arrangements with the Underwriters (see “Plan of Distribution”). These arrangements will be effective for a period of 180 days after the Settlement Date.

In addition, pursuant to the Strategic Investment Agreement, Aviva, the Selling Shareholder and their affiliates have agreed to certain lock-up arrangements with the Company. These arrangements will be effective for a period of 180 days after the Settlement Date.

Dividends

The Executive Board will target a dividend pay out ratio of around 40-45% of net operational result (that is, operational result after tax and minority interests) on the Ordinary Shares. See “Operating and Financial Review – Operational Result”.

In considering the Company’s annual dividend each year within the targeted pay-out ratio, the Executive Board also expects to take into consideration the Group’s anticipated profitability over its three-year management planning period. By taking into consideration both current and anticipated profitability, the Executive Board intends to provide an appropriate degree of stability in dividend payments, so as to limit the impact of short-term fluctuations in profitability that may arise.

	<p>Distribution of dividends may only take place after adoption of the annual accounts demonstrating that such distribution is legally permitted. Subject to the approval of the Supervisory Board, the Executive Board may resolve to distribute an interim dividend on Shares.</p> <p>At the proposal of the Executive Board and with the approval of the Supervisory Board, the General Meeting may resolve to distribute profits on the Ordinary Shares not in cash, but in Shares.</p>
Voting Rights and Ranking	<p>Each Shareholder is entitled to cast one vote per Share held. The rights of the holders of Offer Shares and Additional Shares, if any, will rank <i>pari passu</i> with each other and with all other Ordinary Shares with respect to voting rights and distributions.</p>
Listing and Trading	<p>Application has been made to list the Ordinary Shares on Euronext Amsterdam under the symbol “DL”. Listing and trading of the Ordinary Shares on Euronext Amsterdam will commence on the First Trading Date.</p> <p>Trading in the Ordinary Shares before the closing of the Offering will take place on an “if-and-when-delivered” basis. If closing of the Offering does not take place on the Settlement Date or at all, the Offering will be withdrawn, all applications for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any payments made will be returned without interest or other compensation and Euronext may annul transactions that have occurred. All dealings in the Ordinary Shares prior to settlement and delivery, and in the Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Settlement Date, are at the sole risk of the parties concerned.</p> <p>The Underwriters, the Company, the Selling Shareholder, the Listing Agent and Euronext do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Offering or the related annulment of any transaction in Ordinary Shares on Euronext Amsterdam.</p>
Payment, Delivery, Clearing and Settlement	<p>Payment for the Offer Shares, and payment for Additional Shares pursuant to the Over-Allotment Option, if this has been exercised prior to the Settlement Date, is expected to take place on the Settlement Date. The Settlement Date is expected to be Friday 6 November 2009, being the third business day following the First Trading Date (T+3).</p> <p>Delivery of the Offer Shares, and of the Additional Shares pursuant to the Over-Allotment Option, if this has been exercised prior to the Settlement Date, is expected to take place on or about the Settlement Date through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment in immediately available funds.</p>
Trading Information	<p>ISIN: NL0009294552</p> <p>Common Code: 045726215</p> <p>Symbol: “DL”</p>
Joint Global Coordinators	<p>Goldman Sachs International and Morgan Stanley & Co. International plc.</p>

Joint Bookrunners	Goldman Sachs International, Morgan Stanley & Co. International plc, Merrill Lynch International, J.P. Morgan Securities Ltd, and RBS Hoare Govett Limited.
Joint Co-Lead Managers	ABN AMRO Bank N.V. and Rabo Securities.
Retail Banks Coordinator	RBS Hoare Govett Limited, acting as the bank coordinating demands sourced by the banks participating in the public offering to retail investors in the Netherlands.
Underwriters	Goldman Sachs International, Morgan Stanley & Co. International plc, Merrill Lynch International, J.P. Morgan Securities, RBS Hoare Govett Limited, ABN AMRO Bank N.V. and Rabo Securities.
Listing Agent	ABN AMRO Bank N.V.
Stabilisation Agent	Morgan Stanley & Co. International plc.
Paying Agent	ABN AMRO Bank N.V.
Underwriters' Compensation	In consideration of the agreement by the Underwriters to procure purchasers for or, failing which, to purchase themselves, the Offer Shares, and if applicable, the Additional Shares, at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Selling Shareholder has agreed to pay to the Underwriters certain selling, underwriting and management commissions of 2.5% of the product of the Offer Price and the aggregate number of Offer Shares and Additional Shares, if any, and may, at its discretion, pay additional commissions to the Joint Global Coordinators.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information of the Group shown in the following tables includes:

- information extracted without material adjustment from the Group's audited consolidated financial statements as at and for the years ended 31 December 2008, 2007 and 2006 prepared in accordance with IFRS and audited by Ernst & Young for 2008 and by PricewaterhouseCoopers for 2007 and 2006, which are included elsewhere in this Prospectus;
- information derived from the Group's unaudited consolidated financial statements as at and for the six months ended 30 June 2009 and 2008 prepared in accordance with IAS 34 and reviewed by Ernst & Young – the unaudited financial statements include all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the interim results – the interim results are not necessarily indicative of results to be expected for a full year;
- information with respect to the Group's operational result, a non-GAAP measure, together with a reconciliation of operational result to the Group's IFRS result before tax from continuing operations, for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008 and 2007;
- information with respect to MCEV as at and for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008 and 2007; and
- other data and key ratios as at and for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006.

IFRS

IFRS					
	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	<i>(unaudited)</i>				
	<i>(EUR million)</i>				
Gross written premiums	2,766.8	3,512.2	5,911.2	5,304.5	4,312.2
Total income	3,082.9	3,933.7	7,108.6	7,464.2	6,644.1
Total expenses	2,703.6	3,983.6	7,313.0	6,643.4	5,730.4
Result before tax⁽¹⁾	379.2	-50.0	-204.3	820.8	913.7

(1) Result before tax for the six months ended 30 June 2009 includes the result after tax for discontinued operations (EUR 34.7 million).

IFRS					
	As at 30 June		As at 31 December		
	2009	2008	2008	2007	2006
	(unaudited)				
	(EUR million)				
Total assets	63,056.7	66,296.0	63,163.0	62,316.1	59,597.6
Insurance liabilities	33,442.3	34,196.2	33,811.5	31,292.1	31,097.1
Liabilities for investment contracts	3,392.2	3,180.8	3,326.7	2,209.7	2,721.1
Borrowings	8,321.6	9,017.7	8,540.2	9,472.2	9,074.4
Shareholders' equity ⁽¹⁾	3,656.2	3,850.9	3,018.3	4,836.0	4,522.7
Tangible shareholders' equity ⁽²⁾	3,323.7	3,585.6	2,757.5	4,630.6	4,360.3

(1) Shareholders' equity represents total capital and reserves and takes into account the Group's 51% stake in Delta Lloyd ABN AMRO Verzekeringen.

(2) Tangible shareholders' equity is calculated as the difference between shareholders' equity and goodwill and also takes into account the Group's 51% stake in Delta Lloyd ABN AMRO Verzekeringen.

IFRS result before tax from continuing operations					
	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(unaudited)				
	(EUR million)				
Life insurance	400.5	-16.7	149.5	631.4	795.1
General insurance	9.0	15.3	-13.3	228.1	189.0
Fund management	8.5	10.7	12.6	34.2	54.5
Banking	-5.4	3.6	-162.7	7.2	26.5
Other ⁽¹⁾	-33.3	-62.8	-190.3	-80.0	-151.3
Total	379.2	-50.0	-204.3	820.8	913.7

(1) Other includes Group central costs and support services, as well as Amstelhuys (which is not consolidated with the Group's banking business line), together with any consolidation and elimination items.

Operational Result

Operational result as presented by the Group is a non-GAAP financial measure and is not a measure of financial performance under IFRS. The Group presents operational result because it is less affected than IFRS measures of performance by short-term external market impacts, and thus in the Group's view provides a better basis for assessing trends in the operational performance of the Group over time. A key aspect of the calculation of operational result is that it represents the normalised long-term performance of the Group's investment portfolio by substituting long-term investment return for the actual IFRS investment result which is subject to short term volatility. Operational result should not be considered in isolation as an alternative to result before tax or other data presented in the Group's financial statements as indicators of financial performance. Because it is not determined in accordance with IFRS, operational result as presented by the Group may not be comparable to other similarly titled measures of performance of other companies. For a discussion on how the Group calculates operational result and reconciles operational result to IFRS, see "Operating and Financial Review – Operational Result" and "Operating and Financial Review – Operational Result – Reconciliation of Operational Result to IFRS Result Before Tax".

Operational result					
	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(EUR million)				
Life insurance	187.0	155.2	356.6	401.3	365.8
General insurance	64.7	63.5	159.3	280.3	232.3
Fund management	8.5	10.7	12.6	34.2	54.5
Banking	5.9	-6.9	-18.0	0.9	19.2
Other ⁽¹⁾	-27.4	-69.9	-62.0	-55.4	-152.4
Operational result before tax and minority interest	238.7	152.6	448.5	661.7	519.4
Illustrative tax ⁽²⁾	-60.9	-38.9	-114.4	-168.7	-132.5
Minority interest	-19.1	-18.9	-30.7	-47.1	-33.5
Net operational result ⁽³⁾	158.7	94.8	303.5	445.9	353.4

(1) Other includes Group central costs and support services, as well as Amstelhuys (which is not consolidated with the Group's banking business line), together with any consolidation and elimination items.

(2) Represents taxation over the period using the statutory corporate tax rate of 25.5% in the Netherlands.

(3) Net operational result is operational result after tax and minority interest, and is used in determining the Group's dividend pay-out. See "Dividends and Dividend Policy".

Operational result reconciliation with IFRS result ⁽¹⁾					
Six months ended 30 June			Year ended 31 December		
	2009	2008	2008	2007	2006
	(EUR million)				
Operational result before tax and minority interest	238.7	152.6	448.5	661.7	519.4
- Long-term investment return ⁽²⁾	-265.2	-247.6	-545.5	-594.3	-496.2
+ Actual return after profit sharing/ interest accrual ⁽³⁾	-893.3	-153.2	475.5	447.1	719.6
+/- Fair value adjustments liabilities ⁽⁴⁾	1,316.1	205.3	-367.5	353.3	228.9
+/- Non-operational items	-17.1	-7.0	-215.3	-47.0	-58.0
Result before tax from continuing operations	379.2	-50.0	-204.3	820.8	913.7

(1) In reconciling operational result to result before tax, the Group subtracts the long-term investment return from the operational result, replacing it with the actual return made on the investment portfolio after profit sharing and interest accrual to the liabilities. These numbers may vary significantly as IFRS investment volatility is included in, and available-for-sale balance sheet movements are excluded from, this number. Fair value adjustment of the insurance liabilities as a result of the changes in the interest curve for valuation of these liabilities is excluded as are certain incidentals and expenses not included in the technical result.

(2) Long-term investment represents an approximation of the long-term return which is earned for the shareholders by the Group's fund management business line and excludes temporary fluctuation attributable to economic variances.

(3) Actual return after profit sharing/interest accrual is the actual return made on the Group's investment portfolio after profit sharing and interest accrual on liabilities. When calculating operational result, this actual return is replaced by the long-term investment return.

(4) Fair value adjustment liabilities comprise the fair value adjustment of insurance liabilities as a result of the changes in the interest curve for valuation of these liabilities. This is not included in the operational result.

MCEV

Embedded value is a valuation approach which focuses on the value to shareholders of expected future distributable earnings arising from an insurance company's in-force business, allowing for the risks to shareholders arising from uncertainty in the timing and amount of expected future distributable earnings. Embedded value reporting also focuses on the analysis of movement in shareholder value during a specific reporting period (referred to herein as "analysis of movement"), including the contribution arising from the sale of new business policies during a given reporting period. MCEV is a particular approach to embedded value where assets, liabilities and future cash flows are valued in line with market prices. This approach seeks to ensure that risks associated with the projected cash flows is calibrated to the market price for risk where this is reliably observable.

The MCEV results in this Prospectus have been prepared by the Group, and certain aspects have been reviewed by Towers Perrin in its capacity as consulting actuaries to the Group. The

MCEV of the Group has been calculated in accordance with the MCEV Principles, except in certain circumstances. For a discussion on how the Group prepares MCEV results, see “Operating and Financial Review – Market-Consistent Embedded Value” as well as the report furnished by Towers Perrin included herein.

	MCEV			
	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	(EUR million)			
New business volumes (gross of minority interests)				
Single premiums	968	1,809	2,903	2,562
Regular premiums	119	99	245	233
PVNBP ⁽¹⁾	2,050	2,881	5,121	4,574
New business value (gross of minority interests) ⁽²⁾	16.8	-45.5	-19.9	5.7
New business margins (PVNBP basis)	0.8%	-1.6%	-0.4%	0.1%
Group MCEV operating earnings (net of minorities)	305	-13	207	N/A
Group MCEV total earnings (net of minorities) ⁽³⁾	723	-857	-2,132	N/A
Life MCEV ⁽⁴⁾ (net of minority interests)	4,090	3,954	3,245	5,043
Group MCEV ⁽⁵⁾ (net of minority interests)	4,141	4,857	3,348	5,965

(1) PVNB means present value of new regular premiums plus 100% of single premiums received during the period, calculated using assumptions consistent with those used to determine the value of new business.

(2) New business value is typically calculated based on the economic assumptions at the start of the applicable quarter. Exceptions are immediate annuities that are calculated based on investment returns at the start of the month of sale, and large group single premium contracts that are priced at actual market rates. For further details of the relevant assumptions see “Operating and Financial Review – Market-Consistent Embedded Value – Assumptions – Economic assumptions”. For all lines of business, new business value is calculated based on the non-economic assumptions at the end of the applicable reporting period.

(3) Group MCEV total earnings means earnings prepared on the MCEV basis for covered business and IFRS earnings for non-covered business. See “Operating and Financial Review – Market-Consistent Embedded Value – Group MCEV results”.

(4) Life MCEV comprises the value of covered business prepared on the MCEV basis as at the reporting date, which excludes non-covered business.

(5) Group MCEV is a measure of the total consolidated value of the Group with covered life business included on an MCEV basis and non-covered business included, with the exception of general insurance businesses, on an unadjusted IFRS net asset value basis. See “Operating and Financial Review – Market-Consistent Embedded Value – Group MCEV results”.

Other Data and Key Ratios

The table below shows other data and key ratios for the Group for the six months ended 30 June 2009 and 2008 and for the years ended 31 December 2008, 2007 and 2006.

	Other data and key ratios (%)				
	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
Assets under management ⁽¹⁾	66,257.2	N/A	63,667.0	65,141.4	60,843.5
Combined ratio	99.1%	97.1%	96.5%	85.9%	89.2%
Return on equity	13.6%	-1.0%	-3.9%	16.8%	18.3%
Return on tangible equity ⁽²⁾	15.0%	-1.1%	-4.1%	17.5%	19.0%
Group solvency ratio (regulatory) ⁽³⁾	185%	264%	138%	294%	322%
Group solvency ratio (IFRS) ⁽⁴⁾	252%	264%	197%	294%	322%

(1) This is not an IFRS line item. Assets under management comprises all assets actively managed or administered by or on behalf of the Group including those funds managed for third parties.

(2) Tangible equity only adjusted for goodwill.

(3) Group solvency ratio (regulatory) presents the Group's capital position on a regulatory basis as required under the Dutch Financial Supervision Act.

(4) Group solvency ratio (IFRS) presents the Group's capital position on an IFRS basis.

Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus, before making an investment decision with respect to investing in the Ordinary Shares. If any of the following risks actually occurs, the Group's business, prospects, financial condition or results of operations could be materially adversely affected. In that case, the value of the Ordinary Shares could decline and investors could lose all or part of the value of their investments.

Although the Group believes that the risks and uncertainties described below are the most material risks and uncertainties, they are not the only ones the Group faces. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties not presently known to the Group or that the Group currently deems immaterial may also have a material adverse effect on the Group's business, results of operations or financial condition and could negatively affect the price of the Ordinary Shares.

Prospective investors should carefully review the entire Prospectus and should form their own views before making an investment decision with respect to the Ordinary Shares. Before making an investment decision with respect to any Ordinary Shares, prospective investors should also consult their own financial, legal and tax advisers to carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of the prospective investor's personal circumstances.

FINANCIAL RISKS

Changes in the financial markets and general economic conditions could have a material adverse effect on the Group's business, revenues, results and financial condition

The Group's revenues, results and financial condition are affected by changing financial market and general economic conditions, which are outside the control of the Group. These conditions can cause the Group's results of operations to fluctuate from year to year, as well as on a long-term basis, in ways that may be unpredictable. These conditions include employment levels, consumer lending and spending, corporate spending, changes in monetary policies, inflation, as well as fluctuations in interest rates, fluctuations in prices of equity, other securities or property in the countries in which it operates. The Group will also be affected by the impact on financial markets which may arise from catastrophic events, terrorism and other acts of war and the governmental and political developments relating to the foregoing, as well as social or political instability, diplomatic relations and international conflicts. These conditions also include economic cycles such as insurance industry cycles, particularly with respect to general insurance, and banking industry cycles as well as financial market cycles, including volatile movements in market prices for securities. The general insurance industry cycles are characterised by periods of price competition, fluctuations in underwriting results and the occurrence of unpredictable weather-related and other losses.

Global financial markets have recently experienced extreme and unprecedented volatility and disruption, which have had, and may continue to have, a material adverse effect on the Group's revenues, results and financial condition. Further significant downturns in equity markets, further downward appraisals of property values and/or significant movements of interest rates and credit spreads could have a material adverse effect on the Group's capital and solvency position and results. The recent economic downturn could also result in increased incidence of internal and external fraud, including fraudulent claims by customers, theft, corruption and insider trading.

As a result of the recent economic downturn, driving many countries into recession (including the Netherlands, Belgium and Germany where the Group operates), there have been increasingly high levels of unemployment. Bank lending has been severely reduced and the housing markets in Europe and North America have declined. In addition to the other risks described in this section, these conditions have resulted, and may continue to result, in a reduction in demand for the Group's products, as well as a reduction in the value of its assets under management (AUM). The Group has experienced, and may continue to experience, an increase in claims and policy lapses and withdrawals. Any reduction in demand for the Group's

products, decline in the market value of the Group's assets under management or an increase in policy lapses or withdrawals, would result in a reduction in the fee and premium income generated by the Group.

Furthermore, the Group's cost of protecting itself against certain risks, in particular interest rate volatility and equity risk, that are related to these distressed conditions through, for instance, derivative instruments has been proportionally higher due to the volatility in the financial markets. The Group cannot predict how long these distressed conditions will continue, but sustained volatility and continuance of these distressed conditions or any repeat of such distressed conditions could increase the costs of hedging and materially adversely affect its business, revenues, results, cash flows and financial condition.

The Group is exposed to credit risks, and defaults or increased fear of default of the Group's debtors or entities in which the Group has invested could have a material adverse effect on the value of the Group's assets

Credit risk refers to the potential losses incurred by the Group as a result of debtors not being able to fulfil their obligations when due, or a perceived increased likelihood thereof. Losses incurred due to credit risk include actual losses from defaults, market value losses due to credit rating downgrades and/or spread widening, or impairments and write-downs (for instance, if a bank loan is deemed no longer fully recoverable). Both the Group's insurance and banking businesses are exposed to various types of general credit risk, including spread risk, default risk and concentration risk.

As at 30 June 2009, the Group's credit exposure excluding assets backing unit-linked policies (policyholder risk assets) was approximately EUR 31.7 billion, consisting of bonds (EUR 20.4 billion, of which 46% was invested in sovereign bonds, 21% in corporate bonds, 16% in sub-sovereign bonds (such as covered bonds with a state guarantee), 9% in structured credit (mainly the residential mortgage-backed securities originated by the Group itself) and 8% in non-state guaranteed covered bonds), loans (EUR 10.0 billion, divided into own risk mortgage loans (79%) and commercial loans (21%)), with the remainder being cash deposits (EUR 0.8 billion) and subordinated debt issued by Rabobank (EUR 0.5 billion). The Group's equity investments, including amongst others ordinary shares, private equity and preference shares, are also exposed to drops in value if the issuer of the equity defaults under its obligations.

Like most insurance companies, the Group has a significant fixed income portfolio in which assets are matched against both its life and general insurance liabilities. The fixed income portfolio is measured at fair market value. The Group is exposed to the risk that the market value of these assets decreases. A number of factors can cause an individual asset or a whole class of assets to decrease in market value, including a perception or fear in the market that there is an increase in the likelihood of defaults (the spread risk), or a material decline in the liquidity of these assets making them difficult to value. Over the past 18 months credit spreads versus swap rates widened to historically high levels, due to an increased fear of defaults, credit rating downgrades, and increased illiquidity in the markets. This led to declines in the market value of the Group's fixed income portfolio, only partly offset by decreases in interest rates.

The Group is also exposed to default risk, which is the risk that third parties owing money, securities or other assets to the Group do not pay or fulfil their obligations when due. These parties include trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, reinsurers, bond issuers, and financial intermediaries. The Group's banking subsidiaries are exposed to the credit risk of borrowers. Third parties may default on their obligations to the Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, fraud or other reasons.

The mortgage loans on the Group's balance sheet that are valued at fair market value are also exposed to spread risk and default risk. For instance, if property prices decline, the fair value of the mortgage loan portfolio will decrease. If a borrower defaults on his mortgage loan, the value of the loan on the Group's balance sheet will be impaired or written down. An increase of

defaults or the likelihood of defaults under the mortgage loans, or a decline in property prices could have a material adverse effect on the Group's results and financial condition.

The Group operates a securitisation programme for the residential mortgage loans extended by its Dutch and Belgian operations. The Group's total mortgage loan portfolio amounted to EUR 13.8 billion as at 30 June 2009, of which an amount of EUR 7.1 billion was securitised. In such a securitisation, the risk and benefit attached to a portfolio of mortgage loans are largely transferred to a special purpose vehicle that issues notes to investors. The default risk related to the securitised mortgage loans is thus ultimately largely borne by the holders of the notes. However, the securitisation programme provides that losses as a result of defaults on the securitised mortgage loans up to a certain amount must be borne by the Group. This "first loss" amount ranges from 0.1% to 1.35% of the nominal amount of the outstanding securitisation. The Group has also invested in these notes itself and has thus again assumed part of the underlying default risk on the underlying mortgages. As at 30 June 2009, the Group held such notes with a book value of EUR 1.1 billion in its investment portfolio.

The Group is also exposed to concentration risk, which is the risk of default by counterparties or investments in which it has taken large positions. A single default of a large exposure could therefore lead to a significant loss for the Group. As at 30 June 2009, the Group's largest sovereign and corporate credit exposure were to Germany (EUR 2,353 million) and Rabobank (EUR 566 million), respectively.

The Group is exposed to counterparty risk in relation to other financial institutions. Deteriorations in the financial soundness of other financial institutions may have a material adverse effect on the Group's business, revenues, results and financial condition

Due to the nature of the global financial system, financial institutions, such as the Group, are interdependent as a result of trading, counterparty and other relationships. Other financial institutions with whom the Group conducts business act as counterparties to the Group in such capacities as borrowers under loans, issuers of securities, customers, banks, reinsurance companies, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other financial intermediaries. In any of these capacities, a financial institution acting as a counterparty may not perform their obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security they provide may prove inadequate to cover their obligations at the time of the default. The risk is enhanced in the recent economic downturn as illustrated by the collapse of Lehman Brothers.

The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution due to disruptions in the financial markets could materially disrupt securities markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by counterparties that could materially adversely affect the Group. This risk, known as "systemic risk", could adversely impact future product sales as a result of reduced confidence in the insurance and banking industries. It could also reduce results because of market declines and write-downs of assets and claims on third parties. The Group believes that despite increased focus by regulators around the world with respect to systemic risk, this risk remains part of the financial system in which the Group operates and dislocations caused by the interdependency of financial market participants could have a material adverse effect on its business, revenues, results and financial condition.

The Group's exposure to fluctuations in the equity, fixed income and property markets could result in a material adverse effect on its returns on invested assets and the value of its investment portfolio or its solvency position

The Group's investment returns are highly susceptible to fluctuations in equity, fixed income and property markets.

As at 30 June 2009, the Group's own risk investment portfolio amounted to EUR 29.2 billion, of which 70% consisted of fixed income securities, 17% equity investments and 10% property, the remainder being cash holdings, reinsurance receivables and other debtors. The Group bears all the risk associated with its own investments. Fluctuations in the equity, fixed income and property markets affect the Group's profitability, capital position and sales of equity related products. A decline in any of these markets will lead to a reduction of unrealised gains in the asset or result in unrealised losses and could result in impairments. Any decline in the market values of these assets reduces the Group's solvency, which could materially adversely impact the Group's financial condition and the Group's ability to attract or conduct new business.

As at 30 June 2009, the Group's own risk fixed income portfolio was EUR 20.4 billion, of which 46% was invested in sovereign bonds, 21% in corporate bonds and 16% in sub-sovereign bonds (such as covered bonds with a state guarantee). The remainder was held in non-state guaranteed covered bonds (8%) and structured credit (9%, mainly the residential mortgage-backed securities originated by the Group itself). Of the total fixed income portfolio 14% was issued by financial institutions. In addition, the Group held subordinated debt issued by Rabobank in the amount of EUR 0.5 billion as at 30 June 2009.

The value of the Group's own risk fixed income portfolio could be affected by changes in the credit rating of the issuer of the securities as well as by liquidity generally in the bond markets. When the credit rating of the issuer of the debt securities falls, the value of the fixed income security may also decline. In addition, most of the Group's fixed income securities are classified as financial assets at fair value through profit or loss and, as a result, any decline in the market value of these fixed income securities is reflected as a loss in the period during which it occurred, even if the Group has not sold the securities but kept them in its portfolio.

As at 30 June 2009, the Group's own risk equity portfolio was EUR 5 billion, representing 17% of its total risk exposure. About 70% of its equity investments consisted of ordinary shares, with the remainder consisting of preference shares, equity derivatives and investments in private equity and hedge funds.

Equity markets materially declined in 2008 and through part of 2009 due to the recent economic downturn. This resulted in significant decreases in the value of the Group's own risk equity portfolio and hence its Shareholders' equity. The Group took a number of significant impairments including EUR 382.6 million in the first six months of 2009. Any further declines in the equity markets could have a material adverse effect on the Group's financial condition, its returns on invested assets and its solvency. As at 30 June 2009, the Group hedged a notional amount of approximately EUR 2.8 billion against material declines in the AEX stock market index, which is composed of a maximum of 25 of the most actively traded Dutch companies on Euronext Amsterdam (the **AEX Index**) and of the Dow Jones EURO STOXX 50 Index, which index covers 50 supersector leader stocks from 12 Eurozone countries (the **Eurostoxx Index**), but these hedges could prove insufficient or inadequate. See "– Financial Risks – If the Group's use of derivatives to protect itself against certain risks is inadequate or ineffective in limiting the Group's exposure, the Group's business, revenues, results and financial condition may be materially adversely affected".

The Group is also exposed to a concentration risk in its equity portfolio. As at 30 June 2009, the Group had EUR 1.6 billion of its equity portfolio invested in stakes over 5% of the total outstanding share capital in Dutch companies. The Group's largest equity exposure as at 30 June 2009 was its stake in Van Lanschot Bankiers N.V. (EUR 445 million). See "Business – Investments".

As at 30 June 2009, the Group's own risk real estate portfolio was valued at EUR 3.0 billion (divided into residential (42%), commercial (28%) and office (30%), largely in the Netherlands), representing 10% of its total risk exposure. The value of the Group's real estate portfolio is subject to risks related to, amongst others, occupancy levels, rent levels, consumer spending, prices of properties and interest rates. Due to the recent economic downturn, the property market faces worsening commercial property occupancy levels and low consumer spending on residential property, which, in turn, could reduce returns on property investments. Occupancy levels could drop if the Group does not properly manage the contractual provisions

governing the leases related to the properties. For instance, short-term contracts or provisions entitling customers to terminate contracts early could reduce occupancy. The recent economic downturn could also result in a further decline in the market values of residential and commercial properties as a result of reluctance in the market to further buy property or to invest in new building projects. Any decline in the market values of its property investments could have a material adverse effect on the Group's business, revenues, results and financial condition.

The Group is exposed not only in respect of its own capital invested in equities, fixed income assets and property but also in respect of its liabilities to policyholders in respect of the funds of policyholders and other customers invested in equities, fixed income assets and property under life insurance contracts such as unit-linked products and investment contracts.

Many of the Group's life insurance products guarantee a minimum investment return or minimum accumulation at maturity to the policyholder. In the event that the decline in value of the invested assets is greater than the decline in liabilities associated with the guaranteed benefits, the Group must increase its provisions formed for the purpose of funding these future guaranteed benefits, which will result in an adverse impact on the Group's results and Shareholders' equity.

In addition, the Group's revenues from unit-linked products (including those without minimum guarantees) and investment contracts depend on fees paid by the customer. Because those fees are generally assessed as a percentage of AUM, they vary directly with the market value of such assets. Therefore a general decline in financial markets, including in particular equity markets, will reduce the Group's revenues under these contracts.

Interest rate volatility and sustained low interest rate levels could have a material adverse effect on the Group's revenues, results and financial condition

Interest rate risk generally originates from movements of interest rates, either upwards or downwards, and a mismatch in the duration of assets and liabilities. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Group. The value of the Group's liabilities in respect of certain products, notably annuities, varies as interest rates fluctuate. While the value of fixed income assets and derivatives is also affected by fluctuations in interest rates, the impact of such fluctuations on assets and liabilities may be different due to factors such as differences in volume and duration.

A decrease in the long-term interest rate primarily adversely affects the values of the Group's liabilities under traditional life contracts, as liabilities are discounted using market interest rates. This negative effect is partly offset by the simultaneous increase in the market value of fixed income assets. The net effect on the net asset value/surplus depends on the duration and volume matching of assets and liabilities as well as derivatives. As with falling equity values, a decrease in the interest rate also requires an addition to provisions for guarantees in life insurance policies, as the guarantees become more valuable to the policyholders. The Group therefore attempts to match liabilities with assets that have sensitivities to interest rates that are the same as, or similar to, those of these liabilities. However, to the extent that the Group is unable to match these liabilities with assets that have the same or similar levels of interest rate sensitivity, there could be a gap between the movement of the Group's assets and liabilities as interest rates change. Interest rate fluctuations could therefore have a material adverse effect on the Group's business, revenues, results and financial condition.

Lower interest rates could also affect income derived from fixed income investments. Mortgage loans and redeemable bonds in the Group's investment portfolio are more likely to be repaid as borrowers seek to refinance at lower interest rates and the Group may be required to reinvest the proceeds in securities with lower interest yields. The risk is heightened in the current market and economic environment as those securities may be unavailable. Accordingly, net income may decline as a result of a decrease in the spread between returns on the investment portfolio and the interest rates, either credited to policyholders or assumed in provisions. In the

case of sustained low interest rate levels, profitability of new business will likely be lower as direct income from bonds will be lower, derivatives to protect against even lower interest rates will be more expensive, and the value of the liabilities will be higher. This can probably only be partly offset by adjusted pricing.

An increase in interest rates (from a certain level) would lead to an increase in profit-sharing on certain products and hence an increase of liabilities relating to these products, offsetting declines in traditional life liabilities due to the market rate increase. This would impact Shareholders' equity to the extent such liabilities are not adequately matched with the asset side of the balance sheet. Additionally, in periods of rapidly increasing interest rates, policy lapses and withdrawals may, and usually do, increase. Premiums in flexible premium policies may decrease as policyholders seek investments with higher perceived returns. This could force the Group to sell investment assets at reduced prices and realise investment losses to make the cash payments due to its policyholders. The sale of investment assets would result in a decrease in total invested assets which, in turn, would result in reduced fee income as such fee income is often linked to the value of assets under management. Early withdrawals could also require accelerated amortisation of deferred policy acquisition costs, which, in turn, could further reduce net income.

The Group uses derivative instruments such as swaps and swaptions to mitigate its exposure to interest rate volatility. Any mismatch between the interest rate used for discounting the liabilities and the hedged interest rate could render the hedge unsuccessful and expose the Group to unexpected losses and volatility.

Interest rates of different maturities can also fluctuate relative to each other. This results in a steepening or flattening of the yield curve. The Group's derivatives portfolio is not yet intended to fully cover a full range of changes in the shape of the yield curves.

The Group's MCEV and liabilities as reported under IFRS will decrease and increase respectively if the yield curve used in valuing such MCEV and liabilities incorrectly reflects returns on assets with minimal credit risk, which could have a material adverse effect on the Group's MCEV, IFRS results and financial condition

In accordance with international financial reporting standards as adopted by the European Union (**IFRS**), the Group's provisions are calculated by discounting future policy cash flows predominantly based on current market interest rates. The interest rate used for valuing the liabilities is based on the interest rate of assets whose characteristics the Group believes to resemble most closely the characteristics of the liabilities. The Group's liabilities under life insurance policies with guarantees most closely resemble assets that are not readily transferable and have minimal credit risk. A decrease of the yield on these assets will result in an increase in the value of the liabilities, as those liabilities reflect a discounting to present value cashflows to policyholders.

For valuation dates prior to and including 30 June 2008, the Group calibrated its market interest rate (referred to as the reference rate) to the Eurozone swap market for all of its insurance products. The swap market contains a number of practical advantages over other asset classes, making it the financial instrument of choice in a financial environment where alternative suitable asset classes are exhibiting similar yields.

Following the recent economic downturn, a lack of liquidity in the market caused a dislocation in the fixed interest markets, resulting in a diversion from the historical experience of various asset classes exhibiting similar yields. The Group believes that as an insurance company, holding insurance liabilities with reasonably predictable cashflows (i.e. illiquid liabilities), it has lower liquidity needs than non-insurance company investors and hence is able to take advantage of this dislocation. As a result the Group has chosen to adopt the collateralised AAA bond curve for the valuation of the majority of its insurance liabilities, as such curve features suitable characteristics given the predictability (i.e. illiquidity) of insurance liabilities. See "Operating and Financial Review – Key Factors Affecting Results Of Operations – Valuation and Classification of Assets and Liabilities" and "Operating and Financial Review – Market-Consistent Embedded Value – Additional Matters Relating to the Life MCEV Methodology".

The impact of using the collateralised AAA bond curve on the calculation of the Group's liabilities and market-consistent embedded value (**MCEV**) has been substantial. As at year end 2008, the Group's provision for life insurance liabilities calculated using the collateralised AAA bond curve was EUR 1,746 million less than what it would have been had it been calculated using the lower swap curve published by the Dutch Central Bank (*De Nederlandsche Bank*) (**DNB**); similarly the differential would have been EUR 1,648 million at 30 June 2009.

During the first half of 2009, the collateralised AAA bond curve further increased and the impact of the movement in the collateralised AAA bond curve was to lower insurance liabilities by EUR 1,316 million (with a resulting similar positive impact on IFRS results), which was partially offset by a decrease in value of the fixed income assets by approximately EUR 890 million. There is the potential for such movements to be reversed in whole or in part should the yield curve and/or the assets move significantly in the future. See "Operating and Financial Review – Current Trading".

The effect of using the collateralised AAA bond curve compared to the swap curve was an increase of the MCEV of the Group's life insurance business line by EUR 1,744 million as at 30 June 2009 and EUR 1,826 million as at 31 December 2008. The effect at the end of 2008 also includes a correction for the use of end of year volatilities.

The difference between the DNB swap curve and the collateralised AAA bond curve has been widening, having increased by 43 basis points at the ten year point in the period from 1 January through 30 June 2009, although it had decreased by 64 basis points at the ten year point in the period from 1 July through 14 September 2009.

There is a risk that the collateralised AAA bond curve does not optimally reflect returns on assets with minimal credit risk. It could be that some of the bond yields constituting the curve are increased by factors such as limited trading volumes or credit risk. For example, there is a relatively shallow market for collateralised corporate bonds for long durations, which means that the long term yields as shown by the collateralised AAA bond curve may have been pushed upwards because of the scarcity of assets. As an indirect effect the collateralised AAA bond curve could also be lowered if a bond's credit rating is downgraded resulting in those bonds no longer being included in the collateralised AAA bond curve. The likely effect of such downgrades is an eventual lowering of the curve, because just before the downgrade the yield of those bonds would likely be above the curve. Any lowering of the yield curve in the future could materially increase the Group's liabilities under IFRS and decrease the MCEV of the Group's life insurance business, thus having a material adverse effect on the Group's MCEV, IFRS results and financial condition.

Prolonged investment underperformance of the Group's funds under management may cause existing customers to withdraw funds and potential customers not to grant investment mandates, which could have a material adverse effect on the Group's business, revenues, results and financial condition

When buying investment products or selecting an investment manager, customers (including pension funds and intermediaries) typically consider, among others, the historic investment performance of the product and the individual who is responsible for managing the particular fund. This is also true in relation to certain investment products sold by the Group's life assurance and pension business such as life pensions. In the event that the Group does not provide satisfactory or appropriate investment returns in the future, underperforms in relation to its competitors, does not sell an investment product which a customer requires or loses its key individual investment managers, existing customers (including pension funds) may decide to reduce or liquidate their investment or, alternatively, transfer their mandates to another investment manager. In addition, potential customers may decide not to grant investment mandates. Such a prolonged period of investment underperformance could have a material adverse effect on the Group's business, revenues, results and financial condition.

Illiquidity of certain investment assets could prevent the Group from selling investments at fair prices in a timely manner

Liquidity risk is inherent in much of the Group's business. Each asset purchased and liability sold has unique liquidity characteristics. Some assets have high liquidity in that they can be converted into cash relatively quickly, while other assets, such as privately placed loans, mortgage loans, property and limited partnership interests, have low liquidity. Market downturns exacerbate low liquidity. They may also reduce the liquidity of those assets which are typically liquid, as has occurred with the markets for asset-backed securities relating to property assets and other collateralised debt and loan obligations.

Starting in 2007, market conditions were affecting the value and liquidity of most asset classes and in particular asset-backed securities. These conditions were exacerbated by the sharp reduction in global demand for most financial assets that began towards the end of the third quarter of 2008. Due to the continuing illiquidity in the capital markets for certain asset classes such as structured credit, the Group may be unable to sell or buy assets at market efficient prices and may therefore realise investment losses or be obliged to issue securities at higher financing costs. In addition, illiquid markets could result in the Group's banking business line being required to hold higher positions of liquid but low yielding assets as a buffer or having to raise or hold additional funds for operational purposes through financings, thereby adversely affecting revenues and results.

Adverse experience compared with the assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition

The Group's financial results from its operations and its embedded value depend to a significant extent on whether its actual experience is consistent with the assumptions and models used at the time the policy is underwritten, when setting the prices for products and establishing the provisions for future policy benefits and claims. These assumptions are estimates based on historical data and statistical projections of what the Group believes the settlement and administration of its liabilities will be and are therefore applied to arrive at quantifications of some of the Group's risk exposures.

Although the Group monitors its actual experience against the assumptions it has used and refines its long-term assumptions in accordance with actual experience, it is impossible to determine the precise amounts that are ultimately payable. Statistical methods and models may not accurately quantify the Group's risk exposure if circumstances arise that were not observed in the historical data or if the data otherwise proves to be inaccurate. In particular, there was no historical precedent for the extreme volatility and illiquidity evidenced over the past 18 months in financial markets, which may mean the data used by the Group in making its assumptions is unreliable.

The actual amounts payable may therefore vary from the estimated amounts, particularly if the payments only occur well into the future. The Group evaluates its liabilities at least quarterly (except for OHRA N.V. (**OHRA**) and Levensverzekering Maatschappij Erasmus N.V. (**Erasmus**), which evaluate their liabilities at least on an annual basis), allowing for changes in the assumptions and models used to establish its liabilities, as well as bringing them in line with actual policy benefits and its actual claims experience.

Pricing of certain life products (such as pension contracts and immediate annuities) is based on assumptions on investment return, and if actual investment performance is worse than the underlying assumptions, the Group's profitability is negatively affected. In respect of general insurance products, if actual claims experience is less favourable than the underlying assumptions (due to, for instance, unexpected claims, or the frequency and/or size of claims), or if it is necessary to increase provisions in anticipation of a higher number or value of future claims, it may be necessary to increase prices for future insurance policies and to set aside additional capital and provisions for the existing policies. Such adverse developments could materially adversely affect the Group's results and financial condition.

Lapse risk, which is the risk of policy lapses or withdrawal increases beyond expectations, is another important variable for the Group's business as the Group is not always able to fully recover the up-front expenses incurred by it in selling a product and it may force the Group to sell assets at depressed prices. The Group's exposure to lapse risk is expected to increase from January 2010, due to a change brought about by the Dutch Association of Insurers (*Verbond van Verzekeraars*) (**Dutch Association of Insurers**) that entitles individual general insurance policyholders to terminate their policies on one month's notice after an initial term of one year. Lapse risk could have a material adverse effect on the Group's fee income, revenues and results.

In addition, certain acquisition costs related to the sale of new policies and the purchase of policies already in force are deferred and recorded as assets on the Group's balance sheet and are amortised into income over time. If the assumptions relating to the future profitability of these policies (such as assumptions relating to future claims, investment income and expenses) are not realised, these costs could be amortised faster or written off entirely if deemed unrecoverable. The accelerated amortisation or write-off could have a material adverse effect on the Group's results.

Changes in longevity, mortality and morbidity experience may materially adversely affect the results of the Group

The Group's insurance business is exposed to longevity risk (the risk the insured party lives longer), mortality risk (the risk the insured party dies sooner) and morbidity risk (the risk the insured party falls seriously ill or is disabled).

Annuities (including the Group's single premium group pension business) and other life insurance products are subject to longevity risk, which is the risk that annuitants live longer than was projected at the time their policies were issued, with the result that the insurer must continue paying out to the annuitants for longer than anticipated (and therefore longer than was reflected in the price of the annuity and in the liability established for one policy). The Group uses its most recent mortality expectations in forming its insurance liabilities provisions. Some of the Group's business units have established additional longevity provisions in recent years in response to changes in mortality expectations for certain of their insurance products (amounting to EUR 479 million as at 30 June 2009).

Although the Group believes that its established provisions are adequate, due to the uncertainties associated with such provisions (in particular the risk of future life expectancy increasing at a faster rate than expected), there can be no assurance that its provisions will indeed be adequate and the Group expects more additions to its provisions on account of longevity risk will have to be made in future years. Should the provisions be insufficient, the Group's business could suffer significant losses that could have a material adverse effect on its business, revenues, results and financial condition.

The Group's life insurance business is also exposed to mortality risk, especially in term life insurance and pension contracts where the surviving partner is the beneficiary. The mortality risk associated with the Group's life business has been partly reinsured in an effort to control the risk.

The Group's general insurance business, especially its income protection and disability products, is exposed to morbidity risk, in particular the risk that more policyholders than anticipated will suffer from long-term health impairments and the risk, in the case of income protection or waiver of premium benefits, that those who are eligible to make a claim do so for longer than anticipated (and therefore longer than was reflected in the price of the policies and in the liability established for the policies). Improvements in medical treatments that prolong life without restoring the ability to work could lead to the crystallisation of these risks. The Group has partly reinsured the morbidity risk in an effort to control this risk.

The Group is exposed to the risks of a downgrade or a potential downgrade in its financial strength or credit ratings

The Company does not have a credit rating yet, but may obtain a credit rating after the Offering. The Group's subsidiaries Delta Lloyd Levensverzekering N.V. (**Delta Lloyd Levensverzekering**) and Delta Lloyd Schadeverzekering N.V. (**Delta Lloyd Schadeverzekering**) each have their own credit and insurer financial strength ratings.

Following the Offering, the ratings of the Group's rated subsidiaries may no longer be linked with that of Aviva, and may change significantly as a result. On 16 October 2009, Standard & Poor's announced it had downgraded the long-term counterparty credit and insurer financial strength ratings for the Group's rated entities to A+, with negative outlook as it regards the Group no longer "core", but "strategically important" to the Aviva group. The negative outlook is aligned with the negative outlook on the core operating activities of the Aviva group.

Rating agencies review the financial performance and condition of insurers and assign ratings stating their current opinion of the financial strength and operating performance of operations, the insurers' abilities to meet their obligations to policyholders and creditworthiness based on various factors. While most of the factors are specific to the rated company, some relate to general economic conditions and other circumstances outside the rated company's control. Furthermore, rating agencies have recently heightened the level of scrutiny that they apply to financial institutions, have increased the frequency and scope of their credit reviews, have requested additional information from the companies that they rate, and may adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. The outcome of such reviews may have adverse ratings consequences, which could have a material adverse effect on the Group's revenues, results and financial condition.

Credit ratings are important in establishing the Group's competitive position. A rating downgrade or a potential downgrade of the Group or any of its rated subsidiaries could, among other things, limit its opportunities to operate in certain business areas and have a material adverse effect on its reputation, particularly, with its intermediaries as well as with its customers. A downgrade or potential downgrade could also result in higher funding and financing costs in the capital markets and affect the availability of funding in the capital markets. Furthermore, a downgrade or potential downgrade could force the Group to reduce the prices of its products to remain competitive, which, in turn, would result in lower net income. In addition, a downgrade could reduce public confidence in the Group and thereby reduce demand for its products and materially increase the number or amount of policy withdrawals by policyholders. These withdrawals could require the sale of invested assets, including illiquid assets, at a price that may result in investment losses. Cash payments to policyholders could, in turn, reduce the value of assets under management and therefore result in lower fee income. Among other things, early withdrawals could also cause the Group to accelerate amortisation of deferred policy acquisition costs, resulting in a further reduction of its net income.

A downgrade or potential downgrade may in particular affect the Group's group pension business. This business is a key focus area of the Group, particularly in the Netherlands. The Group could be at a competitive disadvantage because a fully reinsured pension fund will benefit from a more advantageous regulatory capital treatment if it has reinsured its pensions obligations with insurers that have an AA- or better credit rating. Insurers with such credit rating are therefore more likely to attract pension funds as customers. The recent downgrade of the Group's rated subsidiaries to A+ by Standard and Poor's could therefore result in a loss of existing reinsurance contracts with pension funds and a failure to attract new pension funds, which, in turn, could have an adverse effect on the Group's revenues, results and prospects.

In addition, a downgrade or a potential downgrade may adversely affect relationships with the intermediaries that distribute the Group's products and services, and they may decide to limit or cease distribution of the Group's products and services. Any disruptions to the distribution of the Group's products could negatively impact new business and sales volumes and adversely affect its competitive position, which, in turn, could have an adverse effect on its business, revenues and financial condition.

Reinsurance may not be available, affordable or adequate to protect the Group against losses, and reinsurers may default on their reinsurance obligations

As part of its overall risk and capacity management strategy, the Group purchases reinsurance for certain risks underwritten by various of its business lines, in particular general insurance. Market conditions beyond the Group's control determine the availability and cost of reinsurance. The Group may therefore be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could materially adversely affect its ability to write future business and expose it to higher levels of losses. The ceded risks vary significantly based on individual treaties.

The Group purchases reinsurance under various agreements that cover defined blocks of business on a yearly renewable, per risk excess of loss or catastrophe excess of loss basis. These reinsurance agreements are designed to spread the risk and minimise the effect of losses. The amount of the retained risk depends on an evaluation of the specific risk, which is subject, in certain circumstances, to maximum limits based on the characteristics of coverage. Under the terms of these reinsurance agreements, the reinsurer agrees to reimburse the Group for the ceded amount in the event that the Group has to pay out the ceded claim to a policyholder. However, its insurance subsidiaries remain liable to the policyholders if any reinsurer fails to meet its reinsurance obligations. A default by a reinsurer to which the Group has material exposure could expose the Group to significant (unexpected) losses and therefore have a material adverse effect on its business, revenue, results and financial condition. As at 30 June 2009, the Group's largest exposure to reinsurers was to Swiss Re, which amounted to EUR 72.6 million.

The funding for the Group's mortgage business traditionally relied on securitisations, which market has generally been unavailable since late 2007. As a result, the Group's cost of funds has increased and in certain circumstances, the Group may be unable to find alternative sources of funding, or such funding may be available only on unfavourable terms

The Group operates securitisation programmes for its residential mortgage loans in the Netherlands and Belgium. As at 30 June 2009, of the Group's total mortgage loan portfolio (EUR 13.8 billion) about half (EUR 7.1 billion) was securitised, the remainder being funded from other sources, including intercompany loans, deposits and traditional wholesale bank financing.

In the recent economic downturn, the Group has been unable to access the market for residential mortgage-backed securities on favourable terms and bank lending was also severely reduced. These funding sources may remain difficult to access for some time. To the extent that the funds currently available from securitisations and other sources are insufficient to fund mortgage loan operations, the Group may need to raise additional funds through alternative and potentially more expensive financings or limit or cease new mortgage lending as well as mortgage loan related insurance products, which could have a material adverse effect on the Group's business, revenues, results and financial condition.

If the Group's use of derivatives to protect itself against certain risks is inadequate or ineffective in limiting the Group's exposure, the Group's business, revenues, results and financial condition may be materially adversely affected

The Group is exposed to, amongst others, credit spread changes, changes in equity markets, the impact of interest rate changes, changes in the fair value of its investments and liabilities, changes in mortality and longevity and, to a lesser degree, currency fluctuations. The Group uses common financial derivative instruments such as swaps, options, futures and forward contracts which it has entered into with a number of counterparties to hedge or partly hedge certain of these exposures. The Group may not be able to manage these exposures adequately through the use of derivatives or appropriate derivative products may not be available, which would mean its protection would be inadequate.

For example, the Group has hedged its equity exposure by reference to a drop in the AEX Index and the Eurostoxx Index, but the Group's equity portfolio composition is not identical to

the composition of the AEX Index or the Eurostoxx Index. As at 30 June 2009, the Group had EUR 1.6 billion of its equity portfolio invested in stakes over 5% of the total outstanding share capital in Dutch companies. The Group's largest equity exposure as at 30 June 2009 was its stake in Van Lanschot Bankiers N.V. (EUR 445 million), a company which is not included in the AEX Index. See "Business – Investments". The Group's equity investments may underperform the AEX Index and the Eurostoxx Index, and such performance would be only partially hedged.

Furthermore, the derivative counterparty may default. Although it is the Group's policy to fully collateralise derivative contracts, and differences in market value of the collateral are being settled between the relevant parties on a daily basis, it is still exposed to counterparty risk. For instance, the Group is dependent on third parties for the daily calculation of the market values of the derivative collateral. If these third parties (mostly large institutions) miscalculate the collateral required and the counterparty fails to fulfil its obligations under the derivative contract, it could result in unexpected losses, which could have a material adverse effect on the business, revenues, results and financial condition of the Group. The Group's inability to manage risks successfully through derivatives (including a single counterparty's default and the systemic risk that a default is transmitted from counterparty to counterparty) could have a material adverse effect on the Group's business, revenues, results, and financial condition.

The Group's liabilities under collective pension contracts could increase if there is a mismatch between the Dutch inflation rate and the European inflation rate

The Group has written, and continues to write, a number of collective pension contracts under which pension payments are indexed to increases in the Dutch inflation rate. This inflation risk is hedged by inflation-linked derivative instruments. However, as such instruments are not available specifically in respect of Dutch inflation rates, the Group uses the inflation-linked derivative instruments based on European inflation rates. As a result, any mismatch in the liabilities resulting from differences between the Dutch inflation rate and the European inflation rate could render the hedge unsuccessful and result in unexpected exposures.

The Group's future pension expenses are based on actuarial assumptions that may differ from the actual outcome and the market value of the Group's pension assets could decline, either or both of which could have a material adverse effect on its results or cash flow and divert resources which could be used elsewhere in its business

The Group provides retirement benefits for substantially all of its employees under several pension plans, of which the defined benefit plan in the Netherlands, which also includes the Delta Lloyd Life NV (**Delta Lloyd Life**) employees in Belgium, is the most substantial.

This defined benefit plan guarantees pensions payments irrespective of the investment performance generated on the pension premiums. Also, the Group pensions payments must be automatically increased in line with inflation at least until 1 January 2011.

Under IFRS the Group records a pension provision for any deficit calculated based on actuarial methods and assumptions. The actuarial assumptions used may differ from actual results due to, amongst others, changing market and economic conditions, higher or lower withdrawal rates, or the longer or shorter life spans of participants. These differences may impact the recorded net pension expenses and liability, as well as future funding requirements. As at 31 December 2008, the Group recorded total pension obligations of EUR 1,572 million and a net pension deficit of EUR 41.9 million. If there is a significant adverse change in the market value of its pension assets or actual results differ from actuarial assumptions, the Group may need to increase its pension contributions and increase the provision on its balance sheet, which could have a material adverse impact on its results and cash flow and could require resources which could otherwise be used elsewhere in its business.

Catastrophic events could result in material financial losses in the Group's insurance business

The Group's results and financial condition could be adversely affected by volatile natural and man-made disasters such as hurricanes, heavy storms, earthquakes, terrorism, riots, fires and explosions, pandemic disease and other catastrophes. The Group's exposure is a function of the frequency of catastrophic events and the severity of the individual events. The incidence and severity of catastrophes are inherently unpredictable and a single catastrophe or multiple catastrophes in any one year could have an adverse effect on the Group's financial condition. Over the past several years changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters in certain parts of the world and created additional uncertainty as to future trends and exposure. Generally, the Group seeks to reduce its exposure to these events through individual risk selection, monitoring risk accumulation and purchasing reinsurance. However, such efforts to reduce exposure may not be successful and such events could therefore lead to considerable financial loss, which could materially adversely affect the Group's results and financial condition.

STRATEGIC RISKS**The Group relies heavily on its network of intermediaries in the Netherlands to sell and distribute its products and may not be able to maintain a competitive distribution network**

Although the Group uses a number of distribution channels for the marketing and offering of its products and services in the Netherlands, its intermediary channel is by far the most important. In 2008, 62% of the Group's total gross written premiums, 75% of its new life insurance business and 50% of its new general insurance business originated from the distribution of its products through intermediaries.

The intermediaries in the Netherlands are independent of the Group. While the Group does provide financing for some Dutch intermediaries, it does not take equity stakes in them. In addition, the Group does not have exclusivity agreements in place with Dutch intermediaries so they are free to offer products from other insurance companies as well, and there is no obligation on them to give precedence to the products of the Group.

The successful distribution of the Group's products in the Netherlands therefore depends on the preferences of intermediaries for its products and services. An intermediary assesses which companies are suitable for it and its customers by considering, among other things, the security of investment and prospects for future investment returns in the light of a company's product offering, past investment performance, financial strength and perceived stability, ratings, the amount of initial and recurring sales commission and fees paid by a company and the quality of the service provided to the intermediary. An intermediary then determines which products are most suitable by considering, among other things, product features and price. An unsatisfactory assessment of the Group and its products based on any of these factors could result in the Group generally, or in particular certain of its products, not being actively marketed by intermediaries to their customers in the Netherlands. In the Dutch market, the Group competes with other insurers and financial institutions to attract and retain commercial relationships with intermediaries. Failure to maintain a competitive distribution network could result in a loss of market share or a reduction of the Group's sales volumes or an increase in policy lapses and withdrawals which could result in reduced fee and premium income, which, in turn, could have a material adverse effect on the Group's business, revenues, results and financial condition.

The Group faces significant competition from other insurers and non-insurance financial services companies such as banks, broker-dealers and asset managers which offer the same or similar products and services, in each of its markets

There is substantial competition in the financial services industry that is based principally on price, product features, commission structures, financial strength, claims paying ability, ratings, administrative performance, support services and name recognition. The Group faces intense competition from a large number of insurance companies and non-insurance financial services

companies such as banks, broker-dealers and asset managers, regarding the delivery of products to individual customers, pension funds and intermediaries. The Dutch, Belgian and German insurance markets are mature and highly penetrated markets, and the growth potential of insurance companies in these countries is limited. Some of the Group's competitors may have greater financial, technical and operating resources or have more established and diversified operations in terms of product range, distribution channels and geographical spread or offer alternative products, more efficient service delivery or more competitive pricing than the Group. Some of the Group's competitors may also be subject to more favourable regulatory requirements.

Consumer demand, technological changes, regulatory changes and actions and other factors also affect competition. Generally, the Group could lose market share, incur losses on some or all of its activities and experience lower growth, if it is unable to offer competitive, attractive and innovative products and services that are also profitable, does not choose the right product offering or distribution strategy, fails to implement such a strategy successfully or fails to adhere or successfully adapt to such demands and changes.

In addition, the Group's competitive position could also be materially adversely impacted if it is unable to reduce and control its operating expenses, and as a result it is unable to follow the market in offering lower prices, causing its products to lose their competitiveness. Furthermore, competition could be intensified by the development of alternative distribution channels for certain types of insurance and securities products. Any increase in competition could result in increased pressure on product pricing and commissions on a number of products, which could, in turn, have a material adverse effect on the Group's results and harm its ability to maintain or increase its market share.

Historically, some general insurance products, in particular motor insurance, have been cyclical and subject to significant periods of strong price competition, which has resulted in lower premium rates for these products and adversely affected the Group's underwriting results. The continuation of these cycles, including changes to premium levels, could have a material adverse effect on the Group's business, revenues, results and financial condition. If the Group fails to respond adequately to the challenges represented by such cyclical changes, its competitive position could be harmed which could have a material adverse effect on its business, revenues, results and financial condition.

The Group is exposed to further changes in the competitive landscape in which it operates

The recent economic downturn has resulted in important changes in the competitive landscape in which the Group operates and further changes can be expected. The financial distress experienced by certain financial services industry participants in the Netherlands, Belgium and Germany (including some of the Group's major competitors) as a result of such market and economic conditions have led and may lead to further consolidation in both the insurance and banking markets through acquisitions, forced takeovers and the formation of new alliances. An increased level of consolidation could enhance the competitive position of some of the Group's competitors by broadening their product and services ranges, increasing their distribution channels and their access to capital. Although the Group will continuously evaluate its opportunities for acquisitions, joint ventures, alliances or investments that may take advantage of such consolidation, any failure by the Group to successfully identify suitable transactions, properly value transactions, complete transactions or otherwise respond to changes in the competitive landscape could harm the Group's competitive position, and its ability to effectively maintain or increase its market share and profitability.

Regulatory changes can also open up new areas of competition. The Dutch State is expected to further ease regulatory restrictions on pension fund involvement in insurance activities. As a result, pension funds may be able to enter areas that, until recently, were exclusively serviced by insurance companies. For instance, large industry-wide pension funds recently started splitting off their administration and investment operations into subsidiaries that offer personal life insurance products. There are also discussions about allowing compulsory industry-wide pension funds to market the personal life insurance products of these pension funds related

administration organisations and subsidiaries to their (former) participants and pensioners. In addition, there are ongoing discussions about the disability insurances offered by pension funds. Any such regulatory changes resulting in pension funds being allowed to service markets currently primarily serviced by insurance companies could alter competitive positions as the pension funds have strong, recognised brands that are synonymous with reliability, trustworthiness and financial stability. Pension funds also have easy access to large numbers of participants and pensioners for cross-selling of any of their insurance products. Furthermore, pension funds are not subject to the same regulatory supervision and solvency restrictions as insurers.

Regulatory changes could also result in a reduction in the demand for the Group's pension products. Since 2007, companies that previously only had the option of going to an insurer or incorporating their own pension plans, now also have the option to affiliate with industry-wide pension funds on a voluntary basis. Furthermore, as of 1 January 2008 it is possible for divested companies to remain affiliated with the company pension fund of their former parent company, whereas they were previously obliged to obtain an insurer or incorporate their own pension fund to administer their pension plan. In addition, the Dutch State has also announced plans to introduce new pension vehicles which would enable pension funds to cooperate and realise cost savings through economies of scale without having to pool their assets. These plans would provide pension funds with an alternative to the Group's pension products. For instance, smaller and medium pension funds often find administration of their own standalone pension schemes too burdensome and cost inefficient and therefore tend to liquidate their funds and transfer the assets and benefits to insurers. The introduction of multi-company pension funds for Dutch companies would provide pension funds with an alternative to transferring their pension schemes directly to insurers.

On 1 January 2008, the Dutch Bank Saving Act (*Wet banksparen*) (the **Dutch Bank Saving Act**) entered into force, with the stated purpose to increase competition in the life insurance market. The Dutch Bank Saving Act allows banks to offer a product called *bancaire lijfrente* which enjoys the same tax advantages as a life insurance policy. Banks can offer this product on terms that are competitive with an individual life insurance policy. Following the introduction of this act, banks, who may have broader distribution channels, increased resources and easier access to capital, have been offering *bancaire lijfrente* for pension accumulation and mortgage loan repayment and home mortgage savings accounts.

The Group sells insurance under the ABN AMRO Insurance brand through its joint venture with ABN AMRO Bank N.V. (**ABN AMRO Bank**) named Delta Lloyd ABN AMRO Verzekeringen Holding B.V. (**Delta Lloyd ABN AMRO Verzekeringen**). This allows ABN AMRO Insurance products to be sold through ABN AMRO Bank's distribution network in the Netherlands, which includes bank branches, call centres, financial centres and bank internet platforms (together, **Bancassurance**). ABN AMRO Bank offers its own *bancaire lijfrente* product. This means the Group's life insurance products, including those offered under the ABN AMRO Insurance brand, compete with ABN AMRO Bank's own *bancaire lijfrente* also distributed through ABN AMRO Bank's distribution network. See "Business – Life Insurance – The Netherlands – ABN AMRO Insurance".

The competitive landscape in which the Group operates could be further affected by certain governmental actions in the Netherlands, Belgium and Germany to address the severe dislocations in the financial markets. Governments have injected capital or otherwise supported some of the Group's competitors in the markets in which it operates. Although this government support is subject to strict European legal restrictions on state aid that are generally aimed at avoiding unfair competition, the risk remains that competitors that have received capital injections or other support from a government are able to offer products on more favourable terms or better prices than would otherwise be the case, which could hurt the Group's market share and have a material adverse effect on its revenues, results and financial condition.

The Group is exposed to the risk of damage to its brands, the brands of its partners and its reputation

The Group's success and results are, to a certain extent, dependent on the strength of its brands and the Group's reputation. The Group and its products are vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. The Group relies on its principal brand, Delta Lloyd, but is also dependent on other brands such as OHRA, ABN AMRO Insurance, Erasmus and Cyrte Investments B.V. (**Cyrte**). The Group is exposed to the risk that litigation (such as on mis-selling), employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, amongst others, whether or not founded, could damage its brands or reputation. Any of the Group's brands or the Group's reputation could also be harmed if products or services recommended by the Group (or any of its intermediaries) do not perform as expected (whether or not the expectations are founded) or the customer's expectations for the product change.

Negative publicity could be based, for instance, on allegations that the Group has failed to comply with regulatory requirements or result from failure in business continuity or performance of the Group's information technology systems, loss of customer data or confidential information, unsatisfactory service (support) levels or insufficient transparency or disclosure of cost allocation (cost loading). Negative publicity adversely affecting the Group's brands or its reputation could also result from any misconduct or malpractice by intermediaries, business promoters or other third parties linked to the Group (such as strategic partners). While managing the reputation of ABN AMRO Bank is not within the Group's control, any negative publicity about ABN AMRO Bank could have a negative effect on the ABN AMRO Insurance brand. Similarly, the Group could be adversely affected by negative publicity about Onderlinge Waarborgmaatschappij Centrale Zorgverzekeraars groep and Onderlinge Waarborgmaatschappij CZ Groep Aanvullende Verzekering Zorgverzekeraar (together **CZ**), the group to which the Group sold its health insurance business in 2008, as CZ is the underwriter of all health insurance distributed by the Group under the brands Delta Lloyd and OHRA. This could also adversely affect the distribution of the Group's products through CZ.

Any damage to the Group's brands or reputation could cause existing customers or intermediaries to withdraw their business from the Group and potential customers or intermediaries to be reluctant or elect not to do business with the Group. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agencies' perception of the Group, which could make it more difficult for the Group to maintain its credit rating. Any damage to the Group's brands or reputation could cause disproportionate damage to the Group's business, even if the negative publicity is factually inaccurate or unfounded.

The Group business has strategic alliances with ABN AMRO Bank and CZ. The termination of or any change to these alliances could have a material adverse effect on the Group's business, revenues, results and financial condition

The Group has entered into strategic alliances that are important to the distribution of its products.

The Group sells insurance under the ABN AMRO Insurance brand through its joint venture with ABN AMRO Bank. For the year 2008, 15% of the Group's total gross written premiums were attributable to the ABN AMRO Insurance brand products. Although the joint venture is a long-term agreement, it can be terminated early under certain circumstances. See "Business – Material Contracts – Delta Lloyd ABN AMRO Verzekeringen". Termination of, or any other change to, the Group's relationship with ABN AMRO Bank could adversely affect the sale of its products and its growth opportunities in the Netherlands and could therefore have a material adverse effect on its business, revenues and results.

In connection with the acquisition by Fortis of certain ABN AMRO assets, ABN AMRO Bank is required by the European Commission to sell part of its office network in the Netherlands,

which could in the short-term have a material adverse effect on the Group's business, revenues and results originated through ABN AMRO Insurance.

The Group also has an alliance with the health insurer CZ. CZ distributes income and absenteeism related insurance policies underwritten by the Group but CZ-branded to CZ's customers, while the Group distributes CZ-underwritten but Delta Lloyd or OHRA branded health insurance policies to the Group's customers. The Group also benefits from opportunities to sell certain of the Group's other insurance, banking and investment products to CZ's customers (cross-selling). The CZ agreements are long-term agreements, but can be terminated early. See "Business – Material Contracts – CZ". The termination of or a change in the Group's relationship with CZ could negatively affect its sales volumes of these products, its products offering to its customers and its growth opportunities.

The Group's business is concentrated in the Netherlands

In 2008, the Group generated 77% of its total income in the Netherlands. The Group is therefore particularly exposed to the economic, market, fiscal and regulatory conditions in the Netherlands and highly susceptible to changes in any of these conditions. Its own risk investment portfolio, in particular its equity and real estate portfolios are also particularly exposed to changes in the Dutch economic and market conditions.

Economic conditions have been difficult in the Netherlands in 2008 and 2009. Any further deterioration in these conditions or a long-term persistence of these conditions could result in a downturn in new business and sales volumes of the Group's products, and a decrease of its investment return, which, in turn, could have a material adverse effect on the Group's growth, business, revenues and results.

The future of the Group's German operations is currently under review and implementing the outcome of that review could prove difficult and/or costly

The Group's German operations lack scale, which in light of the current difficult market conditions has prompted the Group to conduct a strategic review of the German operations. At this stage, the outcome of the strategic review is uncertain. See "Business – Life Insurance – Germany". Pending the Group's review, the Group has decided to reorganise the business with a more focused product offering (only life, pensions, and disability insurance) and implement cost reduction measures by reducing staff by a third.

The Group is currently considering all of its strategic options in respect of the German operations. The Group could decide to operate the German business on a going concern basis or to close the German operations from new business and run the existing portfolio down. Maintaining the German operations would require ongoing support from the Group and further capital injections and would involve restructuring costs. The Group could also decide to divest the German business, but, given the current difficult financial market conditions and the financial condition of the German operations, a divestment on acceptable terms may be difficult or unachievable or result in a sale at a loss.

Either maintaining the German operations within the Group or a divestment of the German operations by the Group could have a material adverse effect on the Group's results and financial condition.

The Group could fail to effectively identify or execute strategic acquisitions, joint ventures, alliances or investments, and if such transactions are pursued, it could fail to implement and exploit them successfully or realise anticipated benefits in a timely manner

The Group continuously evaluates opportunities relating to acquisitions, joint ventures, alliances or investments in businesses, products, technologies or innovations which would complement its business and its growth strategy.

However, the Group may not be able to identify suitable candidates for such acquisitions, joint ventures, alliances, or investments, or, if the Group does identify suitable candidates, it may not be able to value properly the transaction or complete any transaction on acceptable terms or at all. Any failure by the Group to identify suitable transactions, properly value transactions or

complete transactions could harm the Group's competitive position, and its ability to maintain or increase its market share and profitability. Future acquisitions could also require issuing equity, which would have a dilutive effect on the ownership and voting percentages of the existing holders of Shares in the capital of the Company (the **Shareholders**).

Furthermore, any acquisitions, joint ventures, alliances or investments by the Group could entail risks, such as:

- difficulties in realising cost, revenue or other anticipated benefits from the acquired entity, joint venture, alliance or investment, including the loss of key employees from the acquired entity, joint venture, alliance or investment;
- costs of executing the acquisition, joint venture, partnership or investment, both in terms of capital expenditure and increased management attention;
- potential for undermining the Group's growth strategy, its relationship with customers, intermediaries and/or partners or other elements critical to the success of its business;
- liabilities or losses resulting from the Group's control of the acquired entity, or participation in the joint venture or alliance or investment;
- liabilities or losses resulting from claims under guarantees, representations and warranties and/or indemnities given by the Group to its counterparties in relation to a joint venture or alliance;
- difficulties in integrating an acquired business into its own business or in realising cost reductions from such integration; or
- difficulties in maintaining and continuing strategic alliances, for example, with ABN AMRO Bank and CZ in conformity with agreed conditions, especially when economic circumstances and the regulatory environment change.

All or any of the foregoing could have a material adverse effect on the Group's business, revenues, results and financial condition.

REGULATORY RISKS

The Group is required to maintain significant levels of capital and to comply with a number of regulatory requirements relating to its operations, solvency and reporting bases. If the Group were in danger of failing, or fails, to meet its minimum capital requirements or to maintain sufficient assets to satisfy certain regulatory requirements, the supervisory authorities have broad authority to require it to take steps to protect policyholders and other clients and to compensate for capital shortfalls

The Group is required to maintain significant levels of capital and to comply with a number of regulatory requirements relating to its solvency and reporting bases. See "Operating and Financial Review — Liquidity and Capital Resources – Regulatory Capital Requirements". On a regulatory basis, as at 30 June 2009, the Group's solvency ratio was 185%, the Group's banking business line's Tier 1 Capital divided by the risk weighted assets (**Tier 1 Ratio**) was 10.3% and the Group's banking business line's solvency ratio, calculated according to the guidelines of the Bank of International Settlements (**BIS Ratio**) was 11.1%. The supervisory authorities could require the Group to take remedial action if the Group or any of its regulated subsidiaries breaches or is at risk of breaching any of the regulatory capital requirements. In addition, the supervisory authorities could, taking into account the recent economic downturn and the specific risk profile of the business, decide to increase the regulatory capital requirements of the Group or any of its regulated subsidiaries. The remedial action could be to work closely with the authorities to protect policyholders' interests and to restore the Group's or the individual subsidiary's capital and solvency positions to acceptable levels, to ensure that the financial resources necessary to meet obligations to policyholders are maintained. In particular, the solvency of the Group's German business is comparatively close to its minimum regulatory capital requirements, and the Group has provided capital to its German business to maintain its solvency and may be required to provide further capital to it or other entities in

the future. In taking any such remedial action, the interests of the policyholder would take precedence over those of Shareholders.

If the Group is unable to meet its regulatory requirements by redeploying existing available capital, it would have to consider taking other measures to protect its capital and solvency position. These measures might include divesting parts of its business, which may be difficult or costly or result in a significant loss as it might have to be undertaken quickly. The Group might also have to raise additional capital in the form of subordinated debt or equity. Raising additional capital from external sources might be impossible due to factors outside the Group's control, such as market conditions, or it might be possible only on unfavourable terms. The capital raise could also be detrimental to existing Shareholders. See "– Risks Related to the Offering and the Ordinary Shares – The Company may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholding in the Company". Any of these measures could have a material adverse effect on the Group's business, revenues, results and financial condition. If the regulatory requirements are still not met (because the Group could not take appropriate measures or because the measures were not sufficiently effective) the Group could lose any of its licences and hence be forced to cease some or all of its business operations.

The European Commission is currently in the process of introducing a new regime governing solvency margins and provisions for insurance companies, the effect of which is uncertain

The European Commission is carrying out a wide-ranging review in relation to solvency margins and provisions (the project being known as **Solvency II**). It is intended that the new regime for insurers and reinsurers (apart from very small firms) will apply more risk-sensitive standards to capital requirements, bring insurance regulation more closely in line with banking and security regulation with a view to avoiding regulatory arbitrage, align regulatory capital with economic capital and bring about an enhanced degree of public disclosure on a yearly basis.

The European Parliament and Council of the European Union approved the directive containing the framework principles of Solvency II on 22 April and 5 May 2009, respectively. Each member state of the European Economic Area (a **Member State**) must bring into force implementing regulation by 31 October 2012. The directive lays down strict requirements that insurers (including the Group) will have to adhere to, including the requirement to:

- have effective governance systems in place, proportionate to their business;
- meet specific requirements regarding risk management, internal controls, internal audit function, actuarial function and control over outsourcing arrangements;
- integrate effective risk management systems, including strategies, processes and reporting procedures, in order to monitor, manage and report its risk exposures; and
- conduct an own risk and solvency assessment (**ORSA**) on a regular basis as part of the risk management system. The ORSA must be an integral part of the business processes and be taken into account in strategic decisions. The ORSA must demonstrate the methods used for determining the insurance company's solvency needs and the processes for identifying risks in the short and medium term and assess at least the following:
 - the overall solvency needs, with allowance for the specific risk profile;
 - approved risk tolerance limits and the business strategy;
 - compliance with requirements related to technical provisions and capital requirements on a continuous basis; and
 - the extent of deviations between the insurer's risk profile and the assumptions underlying its solvency capital required (**SCR**) based on a standard approach (including the recalibration of internal model to fit the SCR risk measure and calibration).

It is still uncertain when the Solvency II rules will be finalised before the EU's target deadline of 2012, as well as how the final form of those rules might look. The Group therefore cannot predict the exact impact that the rules will have on the Group, its business, capital requirements, financial condition, key risk management resources or results of operations. The

Company intends to opt for an internal model to determine its regulatory capital under Solvency II. The Company has been using its own methodology to calculate required capital on an economic basis for a number of years. This required capital is used as a basis for internal risk management purposes and reporting to the UK Financial Services Authority as part of Aviva's individual capital assessment (ICA) reporting requirements. These methodologies will be reviewed for compliance with Solvency II. Given the uncertainty of future implementation of Solvency II, there can be no assurance that the Group will not need to strengthen its solvency if and when Solvency II enters into force.

Changes in government regulations in the countries in which the Group operates may have a material adverse effect on its business, revenues, results and financial condition

The Group is an insurer, financial services provider, employer, investment adviser, securities issuer, investor and taxpayer. Its business is regulated and supervised by supervisory authorities in each of its markets, including DNB, the AFM, the Dutch Data Protection Authority (*College Bescherming Persoonsgegevens*), the Netherlands Competition Authority (*Nederlandse Mededingingsautoriteit*) (**NMa**), the National Bank of Belgium (**NBB**), the Belgian Banking, Finance and Insurance Commission (*Commissie voor het Bank-, Financiën en Assurantiëwezen/Commission bancaire, financière et des assurances*) (the **CBFA**), and the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the **BaFin**). See "Supervision and Regulation". As such, the Group is required to hold and maintain certain licences, permissions or authorisations and to comply with rules and regulations promulgated from time to time in these jurisdictions, in the conduct of its business. Various laws and regulations are applicable to the Group, including amongst others:

- requiring the maintenance of solvency levels, including restrictions on the payment of dividends or other distributions;
- altering the licensing of insurers and their management;
- regulating marketing, sales, communication and duty of care prescriptions as well as the content of certain policies;
- limiting the insurer's right to cancel, refuse or renew policies or to withdraw from markets; and
- giving certain policyholders the right to cancel a policy within 30 days (for life insurance) or 14 days (for general insurance) of entering into it.

Failure to comply with any laws and regulations could lead to disciplinary action, the imposition of fines and/or revocation of a licence, permission or authorisation necessary for the conduct of the Group's business or civil liability, all or any of which could have a materially adverse effect on the Group's business.

Laws and regulations applied at national level generally grant supervisory authorities broad administrative discretion over the Group's activities, including the power to limit or restrict business activities. It is possible that laws and regulations governing the Group's business or particular products and services could be adopted, amended or interpreted in a manner that is adverse to the Group. These include laws and regulations that (a) reduce or restrict the sale of the products and services offered by the Group, (b) negatively affect the pricing, distribution or performance of these products and services, (c) prohibit the Group from putting certain exclusions in its insurance policies or (d) affect the Group's solvency and capital requirements. The Group's revenues, costs, results and available or required regulatory capital could also be affected by an increase or change in regulations. In recent years, the general trend in Dutch regulation has been to hold financial institutions to increasingly stricter and more detailed standards concerning their duty of care to their customers. This trend affects the Group's Dutch life insurance business through rules regarding the sale of pension and life insurance products to individuals as well as the introduction of life cycle investment restrictions in collective defined contribution plans. The Group's Dutch banking operations are particularly affected through requirements to assess the suitability of mortgage products for customers.

Due to the increase of the regulatory burden and short implementation time frames, as well as the increasing complexity of the regulatory environment in which the Group operates, changes

in government regulations will entail more costs to ensure that the Group is, and will continue to be, in compliance with all applicable laws and regulations at all times. These costs include additional staffing and information technology (IT) costs, which may be recurring. In addition, regulators around the world are focused on revising and strengthening regulation in response to the recent economic downturn. Although such new and proposed regulation to date has primarily focused on banks, the Group expects that the recent economic downturn will lead to greater regulation regarding the financial services industry more generally and extensive changes in existing laws and regulations and regulatory frameworks.

Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition

The Group faces significant risks of litigation and regulatory investigations and actions in the conduct of its business. In recent years, the financial services industry and financial products have increasingly been the subject of litigation, investigation and regulatory activity by various governmental, supervisory and enforcement authorities. The litigation and investigations concern common industry practices such as the disclosure of contingent commissions, transparency of costs and the accounting treatment of finite reinsurance or other non-traditional insurance products. Such investigations into the financial services industry generally, and specifically with respect to the Group, are ongoing. See "Business – Litigation".

In the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings (including class actions) against financial institutions are increasing. These legal actions could potentially involve, but are not limited to, disputes concerning the adequacy or enforceability of documents relating to the Group's products or services or transactions entered into by it, and disputes concerning irregularities with regards to the sale of structured products and services. Increasingly financial institutions are also held liable by customers for the actions of intermediaries, even if the relevant financial institution had little or no control over their actions. Furthermore, there is an ongoing national debate on the pricing of products and on the level of transparency for costs and features of the products required in product information material. The Group faces risks relating to investment and mortgage suitability determinations, disclosure obligations, performance expectations and compliance with applicable laws and regulations with respect to the products and services it provides. Companies in the Group's industry are increasingly exposed to collective claims (with or without merit) from groups of customers or consumer organisations seeking damages of unspecified or indeterminate amounts involving novel legal claims. The industry has been accused of mis-selling individual unit-linked life policies. The ensuing litigation and widespread media attention diminished the market for these products, and exposed the insurance companies, including the Group, to the risk of having to make compensation payments. See "– Regulatory Risks – The Group is exposed to the risk of mis-selling claims from customers who feel misled or treated unfairly". In 2008, there was media coverage on the price insurers charge for defined contribution pension contracts, as well as on the transparency of the terms and conditions. The AFM has started an investigation into these products. Industry organisations are discussing whether the cost levels of these products need to be adjusted. This could affect the price insurance companies can charge for such type of contracts going forward, or even result in litigation on existing contracts, the outcome of which cannot be predicted.

In the Netherlands, the NMa is investigating the notary pool for infringement of the cartel prohibition. The Group, together with numerous other insurers, pools the premiums received from notaries for professional indemnity insurance, thereby sharing the risk. The outcome of this investigation and the consequences for the Group are uncertain.

The Group cannot predict the effect that the current trend towards litigation and investigation will have on the financial services industry or its business. Current and future investigations by supervisory authorities, in particular in the context of market conduct supervision, could result in sanctions, require the Group to take costly measures or result in changes in laws and regulations in a manner that is adverse to the Group and its business. Changes to the pricing structure of any products resulting from legal or regulatory action, a substantial legal liability or

a significant regulatory action could have a material adverse effect on the Group's business, revenues, results and financial condition. In addition, the Group's reputation could suffer and it could be fined or prohibited from engaging in some of its business activities or be sued by customers if it does not comply with applicable laws or regulations. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the Group, particularly those cases in which the matters are brought on behalf of various groups of claimants, seeking damages of unspecified or indeterminate amounts or involving novel legal claims.

The Group is exposed to the risk of mis-selling claims from customers who feel misled or treated unfairly

The Group's life insurance, general insurance, investment and pensions products are exposed to mis-selling claims. Mis-selling claims are claims from customers that they received misleading advice from advisers (internal and external) as to which products were most appropriate for them, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold, were misrepresented to them. Products distributed through person-to-person sales forces have a higher exposure to mis-selling as the sales forces provide face-to-face financial planning and advisory services. Customers (whether they be individual or group customers) who feel that they have been misled have sought, and may in the future seek, redress for expectations that the advice or perceived misrepresentations created. They may also hold the insurance company accountable for the advice given by an intermediary, even though the insurance company has no control over the intermediary. Complaints may also arise in respect of any other aspect of the Group's business if customers feel that they have not been treated reasonably or fairly (whether or not this accurate or well founded) or that the Group has not complied with its duty of care. Furthermore, customers' views of what is fair and reasonable could change over time.

A good example of how perceptions change over time is the recent public debate and investigation relating to individual unit-linked life policies. Unit-linked insurance products were developed and launched in the 1990s when stock markets – compared with stock prices in the past – were strong and continuing to grow. With unit-linked insurance products, gains in securities markets benefited the policyholder and as such were very popular. However, due to the recent economic downturn, unit-linked insurance products became less advantageous compared to traditional life insurance as lower returns were passed on to policyholders. In the Netherlands, policyholders claimed that providers of unit-linked insurance, including the Group, did not adequately disclose the costs associated with those policies. Policyholders also claimed those costs were too high. Although the Group did not agree with the allegations, it nonetheless recognised the perceptions of its policyholders, and reached an agreement with consumer organisations on compensation for policyholders of individual unit-linked products in September 2008. See “Operating and Financial Review – Key Factors Affecting Results of Operations – Unit-Linked Insurance Transparency Investigation and Settlement”. The Group will give effect to this agreement in its payouts at the end of the term of the existing policies. Individual policyholders are not bound by the agreement. Any of them could still decide to sue and claim a higher amount from the Group if they disagree with the agreement or with the way the Group has given effect to it.

While the Group has invested a considerable amount of time and money in reviewing and assessing its historic sales practices and has risk management, legal and compliance procedures in place to monitor its current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated. The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and/or regulatory changes resulting from such issues could have a material adverse effect on the Group's business, revenues, results and financial condition. In addition, litigation relating to mis-selling claims is expensive and time-consuming and diverts resources from other areas of business.

Changes in tax law may render the Group's products less attractive, or affect its own tax position

Some of the Group's products are attractive to customers because they afford certain tax benefits. Individual life insurance policyholders can under certain conditions deduct their payments from their taxable income. Mortgage borrowers can under certain conditions also deduct their interest payments under residential mortgage loans. There is regularly a political debate on limiting or abolishing tax-deductibility, in particular of residential mortgage interest payments. Any changes in tax laws or the interpretation thereof or changes in rates of taxation could have a material adverse effect on the attractiveness of the Group's products and therefore its business, revenues, results and financial condition.

Furthermore, any changes in tax laws or the interpretation thereof or changes in rates of taxation could affect the Group's net results. The Dutch State has announced plans to amend the taxation of group interest and to limit certain interest deductions. These plans may reduce or disallow the deduction of interest paid on Shareholder loans, and possibly also the interest paid on loans extended by others. Currently it is unclear if these proposals will be introduced and in what form, and if so, when.

OPERATIONAL RISKS

The Group's operations support complex transactions and are highly dependent on the proper functioning of information technology and communication systems. Any failure of its information technology or communications systems could have a material adverse effect on its results and reputation

The Group relies heavily on its operational processes and communication and information systems to conduct its business, including (without limitation) to determine the pricing of its products, its underwriting liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, customer services and compliance with its reporting obligations. The Group depends greatly on third party providers of administration and IT services and other back office functions. The Group's Dutch operations have outsourced telecommunications services to KPN, and Delta Lloyd Life is in the process of outsourcing its information communication technology (ICT) services. The Group has in-sourced its Dutch IT services after it terminated an outsourcing contract on 1 July 2009, but will consider outsourcing these services again in the future.

Any interruption in the Group's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of the Group's services to its customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage the Group's brands and reputation. Furthermore, if the contractual arrangements put in place with any third party providers are terminated, the Group may not find an alternative outsource provider on a timely basis or on equivalent terms. The occurrence of any of these events could have a material adverse effect on the Group's business, revenue, results and financial condition.

In addition, even though back-up and recovery systems and contingency plans are in place and legacy removal and upgrading (quality improvement) of its systems are in process to update old systems and infrastructure, the Group cannot assure investors that interruptions, failures or breaches in security of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example:

- interruptions in the services offered or information provided to customers, or inability to serve customers' needs in a timely fashion;
 - interruptions or errors in the Group's management information and/or information reported to supervisory authorities;
 - increased regulation and regulatory exposure;
-

- inability to report accurate information in a timely manner and thus being in violation of applicable regulations;
- inability to identify in time, or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by the Group's employees or third parties, or telecommunication connection failures or hacking of its website portals; or
- considerable costs, for example in respect of information retrieval and verification, to ensure business continuity and/or the purchasing of new systems.

Any interruptions, failures or breaches in security of these processes and systems could also result in a loss of customers and/or materially adversely affect the Group's ability to compete with its competitors.

The Group may not be able to implement its cost reduction and efficiency programmes which it considers of strategic importance to achieve growth and protect or increase profitability

The Group's strategy includes implementing cost reduction and efficiency enhancing programmes. These programmes are intended to improve its operating and financial performance and include, among other actions, the reorganisation of human resources and the "sharing programme". The sharing programme seeks to concentrate and implement an integrated approach to obtain optimal leverage within the Group through product harmonisation, sharing and simplification of administrative processes, a single IT organisation and labels that are differentiated exclusively in terms of price and distribution concepts and associated services. See "Business – Strategy".

The Group's cost reduction programme is focused on all of its operations. See "Operating and Financial Review – Key Factors Affecting Results of Operations – Efficiency and Cost Reduction Initiatives". It has resulted in a significant reduction of staff cost, and the Group expects further reductions going forward. The Group is also in the process of consolidating service centres between its various insurance divisions and outsourcing non-core activities to the maximum extent possible if this leads to a positive business case. The Company is also engaged in ongoing integration of Delta Lloyd ABN AMRO Verzekeringen and Erasmus with the Group's other general insurance activities and the operations of Swiss Life Belgium NV (**Swiss Life Belgium**) with Delta Lloyd Life, including shared ICT and back office functions, to achieve further cost savings and is also engaged in updating its IT systems.

Implementation of these programmes involves a number of uncertainties. The Group cannot guarantee that the implementation of its current or any future cost reduction programmes will not result in disruptions to its business or that it will be successful with these initiatives. In addition, implementation of these projects and programmes is complex and may put a strain on available management resources, in particular because the Group is implementing numerous programmes simultaneously. Accordingly, it is uncertain whether the projects and programmes will achieve their underlying strategic goals, that these projects and programmes will be implemented in the planned time frame, that the actual costs of implementing any project or programme will not be greater than the estimated costs or that the actual costs will not exceed its realised savings. A failure to implement, individually or in aggregate, any project or programme successfully or in a timely manner may have a material adverse effect on the Group's business, revenue, results and financial condition.

The Group considers achieving cost reduction and increased performance of strategic importance. Failure to achieve its cost reductions may be detrimental to the Group's competitive position if its competitors are able to undercut the Group's pricing, which would have a material adverse effect on the Group's revenues, results and financial condition.

The Group may be exposed to failures in its risk management systems resulting in inadequate or failed processes or systems and human errors and fraud that could materially adversely affect its business, revenues, results or financial condition

Risk can manifest itself in many ways including business interruption, poor vendor performance, information systems malfunctions or failures, external (outsourced) archive with original

documents not being accessible, regulatory breaches, human errors, employee misconduct and/or internal and external fraud, including fraudulent claims by customers, theft, corruption, insider trading and fraudulent actions relating to third party investment products or investment managers. These events can potentially result in financial loss or harm to the Group's reputation and hinder its operational effectiveness. The Group invests substantial time and effort in its strategies and procedures for managing its risks, including credit risk, strategic risk, market risk, insurance risk, liquidity risk, operational risk and conduct of business risk. Notwithstanding these control measures, risk is part of the business environment in which the Group operates and is inherent in its size, as well as its geographic diversity and the scope of the Group's businesses. The Group's risk management activities cannot anticipate every economic and financial outcome or the specifics and timing of each risk and with respect to the risks that can be anticipated, the Group may not be able to manage such risks appropriately. If circumstances arise that the Group does not identify, anticipate or correctly evaluate, its risk management system may prove insufficient and the Group could suffer material unanticipated losses.

The Group, as a financial institution, handles large amounts of money, customer data and privileged information and is therefore highly dependent on the honesty and integrity of its employees. In addition, regulations relating to financial abuse, including money laundering and funding of activities that could be considered to be terrorist activities, have become considerably stricter in many jurisdictions, with effects that are increasingly severe for financial institutions. As a consequence, it is becoming increasingly important that the Group's employees adhere to the policies imposed by the Group. The Group faces a risk of loss due to errors, negligent behaviour, lack of knowledge, fraud or wilful violation of rules and regulations by its employees. Misconduct by employees could bind the Group to transactions that exceed authorised limits or present unacceptable risks, or hide from it unauthorised or unsuccessful activities, which, in either case, could result in unknown and unmanaged risks and losses. Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious financial losses. Employee misconduct in any form could also result in significant damage to the Group's reputation, which could in turn hinder the Group's ability to retain existing customers or compete for new business. It is not always possible to deter and detect employee misconduct, and the precautions taken by the Group may not always be effective.

The Group is also exposed to risks associated with the management of investments which might lead to a material operational loss for one or more of its customers (including third party customers, as well as the Group's life assurance and pensions business). For example, failure to define properly the investment remit applicable to customer assets as a result of unclear agreed guidelines or inaccurate recording of customer communications could lead to investments being made in breach of the mandate given by customers. Similarly, failure to manage the investment process or to execute trading activities properly could lead to poor investment decisions and poor asset allocation, the wrong investments being bought or sold or the incorrect monitoring of exposures as well as a possible erosion of the Group's reputation or liability to pay compensation. Failures of this nature could also lead to existing customers withdrawing funds and potential customers not granting investment mandates, which could have a material adverse effect on the Group's business, revenues, results or financial condition.

Any failure in its risk management systems could materially adversely affect the Group's reputation, business, revenues, results and financial condition.

The Group may not be able to retain or attract personnel who are key to the business

The success of the Group's operations is dependent, among other things, on its ability to attract and retain highly qualified professional personnel including, in the context of the transition to being a listed company, a sufficiently-sized population of staff familiar with and appropriately qualified for the requirements of a listed company and, in particular, with the expertise required to meet the disclosure and financial reporting obligations of a listed company. Competition for key personnel in most countries in which the Group operates is intense. Its

ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers, mutual fund managers, sales executives, risk managers, financial reporting managers, actuaries and compliance officers, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. Any failure by the Group to retain or attract qualified personnel could have a material adverse effect on its business, revenues, results or financial condition.

Catastrophic events could threaten the Group's business continuity

Natural disasters, terrorism, floods and fires could disrupt the Group's operations and result in significant loss of property, key personnel and information about its customers, intermediaries and the Group itself. Disaster recovery has been arranged for the most important business units and processes of the Group.

If the Group's business continuity plans do not include effective contingencies for such events (including possible staff absence during a pandemic disease), recovery may not be realised in a timely manner and completely, which could result in significant disruptions in its operations. Any such disruptions could result in loss of customers, reduced sales volumes, damage to the Group's reputation and could materially adversely affect its competitive position, business, revenues, results, reputation and financial condition for a substantial period of time.

FINANCIAL REPORTING RISKS

Changes in accounting standards or policies could materially adversely affect the Group's reported results and Shareholders' equity

Since 2005, the Group's financial statements have been prepared and presented in accordance with IFRS. Any changes in IFRS requirements may have a significant impact on its reported results, financial condition and Shareholders' equity. This includes the level and volatility of reported results and Shareholders' equity.

For example, on 14 July 2009, the International Accounting Standards Board (**IASB**) published draft proposals to amend the accounting for financial instruments, set out in International Accounting Standard (**IAS**) 39. The proposals address significant changes in the classification and measurement of financial assets and financial liabilities. The IASB has announced that it plans to complete the replacement of IAS 39 during 2010, although application will not become mandatory until January 2012. If the proposals are adopted as currently drafted, the change in the financial instrument accounting standard could have a material impact on the Group's reported results and financial condition.

Defects and errors in the Group's processes, systems and reporting may cause internal and external miscommunication, wrong decisions and/or wrong reporting to clients

Defects and errors in the Group's financial and actuarial processes, systems and reporting, including both human and technical errors, could result in a late delivery of internal and/or external reports or reports with insufficient or inaccurate information.

The Group's current financial reporting is based on its divisional organisational structure in which the Group's divisions are given relative autonomy. As a result, a large number of key financial roles and controls operate at divisional level. The Group's divisional organisation, however, does not correspond to its segmental financial reporting. The divisional reporting must therefore be translated to segmental reporting by the Group's head office. This increases the complexity of the financial reporting process and the risk of errors. Cultural and organisational changes may be required across the Group to increase awareness of the financial reporting requirements of being a listed company and to ensure that staff satisfy a number of new requirements following the Group's listing. Failure to make such changes could adversely affect the Group's reputation and increase the risk of financial reporting errors and the requirement for the restatement of financial statements in the future when the Group becomes a listed company.

The importance of transparency and the avoidance of misinforming customers, especially on investment returns and the allocation of costs (cost loading), have received major attention in the Netherlands in the past few years and resulted in new or revised (more onerous) reporting regulations. These regulations are often implemented at short notice, leaving little time for the Group to make and properly check all the necessary changes to its systems and processes. Misinforming customers could lead to substantial customer claims and regulatory fines, which could materially adversely affect the Group's business, revenues, results and financial condition. In addition, such customer claims or regulatory fines could also result in serious reputational damage. See “– Regulatory Risks – The Group is exposed to the risk of mis-selling claims from customers who feel misled or treated unfairly” and “– Regulatory Risks – Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition”.

Furthermore, defaults and errors in the Group's financial processes, systems and reporting could lead to wrong decisions in respect of, for instance, product pricing which could materially adversely affect its net income.

Any errors in information used for external reporting purposes such as reported profit and loss statements, MCEV, balance sheet components and reported financial conditions, could materially adversely affect the Group's business, revenues, results and financial condition as restatements of any publicly disclosed information, in any form, could seriously harm its reputation.

RISKS RELATED TO THE OFFERING AND THE ORDINARY SHARES

Following the Offering, the majority of the Ordinary Shares will remain with one Shareholder, which is able to exercise substantial influence over certain corporate matters and may vote in a way with which investors do not agree and this concentration of ownership could adversely affect the trading volume and market price of the Shares or delay or prevent a change of control that could otherwise be beneficial to the Shareholders

After completion of the Offering, Aviva through the Selling Shareholder will directly or indirectly own and exercise control over an aggregate of 94,507,636 of the Ordinary Shares, representing 57.1% of the Company's total outstanding Ordinary Shares and 53.0% of the voting rights giving effect to the restructuring of the Group's capital structure, assuming inclusion of the maximum number of Offer Shares, an Offer Price at the mid-point of the Offer Price Range and full exercise of the Over-Allotment Option. See “Description of Share Capital and Corporate Structure – Composition of the Share Capital – Restructuring of the share capital” and “Major Shareholders and Related Party Transactions – Major Shareholdings”. In addition, Aviva has the right to nominate two members of the supervisory board of the Company (the **Supervisory Board**) and to nominate and propose replacements for such members. See “Executive Board, Supervisory Board and Employees – Supervisory Board – Strategic Investment Agreement”.

Aviva through the Selling Shareholder will be able to exercise substantial influence over certain corporate matters requiring Shareholder approval after the Offering, such as the appointment and dismissal of Supervisory Board members and the adoption of the annual accounts. See “Description of Share Capital and Corporate Structure – General Meeting” for the decisions which must be resolved upon by the Shareholders at the general meetings of the Company (**General Meetings**). In addition, Aviva will be able to restrict the executive board (*raad van bestuur*) of the Company (the **Executive Board**) from using its delegated authority to issue shares in the Company (the **Shares**) and limiting or excluding pre-emptive rights if such issuance would result in Aviva's direct or indirect shareholding in the Company diluting to below 50% or 20% of all the issued Shares. See “Description of Share Capital and Corporate Structure – Issue of Shares”. The Selling Shareholder may vote its Ordinary Shares in a way with which investors do not agree. This concentration of ownership could adversely affect the trading volume and market price of the Shares or delay or prevent a change of control that could otherwise be beneficial to the Shareholders.

There has been no public trading in the Ordinary Shares prior to this Offering, the price of the Ordinary Shares may be volatile and investors may not be able to sell the Ordinary Shares at or above the Offer Price

Prior to the Offering, there has been no public trading market for the Ordinary Shares. There can be no assurance that an active trading market will develop or, if it does develop, that it will be maintained. The trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including equity market fluctuations, general economic conditions and regulatory changes which may adversely affect the market price of the Ordinary Shares, regardless of the Company's actual performance or conditions in its key markets.

Moreover, the Offer Price will be determined by the Selling Shareholder in consultation with the Company following recommendations from the Joint Bookrunners, taking into account a number of factors, including market conditions in effect at the time of the Offering, which may not be indicative of future performance. The Offer Price may be higher than the maximum price as set in the Offer Price Range. See "The Offering – Offer Price and Number of Offer Shares". The market price of the Ordinary Shares may fall below the Offer Price. The market price of the Ordinary Shares could also fluctuate substantially due to various factors, some of which would be specific to the Company and its operations and some which would be related to the financial services industry and equity markets generally. In the current financial turmoil the prices of shares of financial services providers have fluctuated greatly. The Company therefore cannot guarantee that investors will be able to resell the Ordinary Shares at or above the Offer Price.

Future sales, or the possibility of future sales, of a substantial number of Ordinary Shares could depress the market price of the Ordinary Shares

Following the Offering, sales of a substantial number of Ordinary Shares in the public market, or the perception that such sales may occur, could adversely affect the market price for the Ordinary Shares. Although the Selling Shareholder has agreed to certain restrictions on selling or otherwise disposing of Ordinary Shares for a period of 180 days after the Settlement Date, the Ordinary Shares held by the Selling Shareholder upon expiry of such period will thereafter be freely transferable.

The Company may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholdings in the Company

The Executive Board, subject to the approval of the Supervisory Board, has been designated as the authorised body to issue Ordinary Shares and protective preference shares in the capital of the Company (the **Protective Preference Shares**) for a period of three years. Pursuant to this designation, the Executive Board may resolve to issue Ordinary Shares to a maximum of 10% of the issued and outstanding share capital at the time of issue, increased by another 10% in the case of a merger or takeover. The authority to issue Protective Preference Shares is not limited and concerns all Protective Preference Shares which are not yet issued.

The Group may in the future seek to raise capital through public or private debt or equity financings by issuing additional Shares or other shares, debt or equity securities convertible into Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding Shares. Any additional capital raised through the issue of additional Shares may dilute an investor's shareholding interest in the Company. Furthermore, any additional financing the Group may need may not be available on terms favourable to the Group or at all, which could adversely affect the Group's future plans. Any additional offering of shares by the Company, or the public perception that an offering may occur, could also have a negative impact on the trading price of the Ordinary Shares and could increase the volatility in the trading price of the Ordinary Shares.

The Articles of Association contain protection provisions that may prevent or discourage takeover attempts that may be favourable to the Shareholders

The articles of association of the Company that will become effective from the First Trading Date (the **Articles of Association**) contain protection provisions that may have the effect of preventing, discouraging or delaying a change of control. Stichting Continuïteit Delta Lloyd (**Foundation Continuïteit Delta Lloyd**) will be granted a call option by the Company. When exercising the call option, Foundation Continuïteit Delta Lloyd is entitled to acquire Protective Preference Shares up to a maximum that is equal to 100% of the Company's issued share capital in the form of Ordinary Shares and Preference Shares A immediately prior to the exercise of the call option, minus one Ordinary Share. See "Description of Share Capital and Corporate Structure – Anti-Takeover Measures".

The issuance of Protective Preference Shares in this manner would cause substantial dilution to the voting power of any Shareholder, including a Shareholder attempting to gain control of the Company, and could therefore have the effect of preventing, discouraging or delaying a change of control that might otherwise be in the Shareholders' best interest or have otherwise resulted in an opportunity for Shareholders to sell the Ordinary Shares at a premium to the then-prevailing market price. This anti-takeover measure may have an adverse effect on the market price of the Ordinary Shares.

The Company's ability to pay dividends to Shareholders may be constrained

The Company's ability to pay dividends to its Shareholders is dependent on its anticipated profitability over a three year management planning period. Its ability to declare and pay dividends is further subject to regulatory, legal and financial restrictions, as well as the Company's solvency position. See "Dividends and Dividend Policy" and "Description of Share Capital and Corporate Structure – Profits and Distributions".

In addition, the Company is a holding company and its ability to generate income and pay dividends is dependent on the ability of its operating subsidiaries to declare and pay dividends. Its ability to declare and the ability of its operating subsidiaries to pay dividends may be restricted to protect the security of policyholders, as applicable regulations may prohibit the payment of dividends in certain circumstances.

The actual payment of future dividends, if any, and the amounts thereof, will depend on a number of factors including (but not limited to) the amount of distributable profits and reserves, regulatory capital position, capital expenditure and investment plans, earnings, level of profitability, ratio of debt to equity, the credit ratings, applicable restrictions on the payment of dividends under applicable laws, compliance with credit covenants, the level of dividends paid by other comparable listed companies doing business in the Netherlands and such other factors as the Executive Board and Supervisory Board may deem relevant from time to time. As a result, the Company's ability to pay dividends in the future may be limited or its dividend policy may change. If dividends are not paid in the future, capital appreciation, if any, of the Ordinary Shares would be investors' sole source of gains.

If closing of the Offering does not take place on the Settlement Date or at all, purchases of the Offer Shares will be disregarded and Euronext may annul transactions that have occurred

Application has been made to list the Offer Shares on Euronext Amsterdam under the symbol "DL". The Company expects that the Offer Shares will be admitted to listing and that trading in such shares on an "if-and-when-delivered" basis will commence on the First Trading Date, prior to the closing of the Offering on the Settlement Date. Subject to acceleration or extension of the timetable for the Offering, the Settlement Date is expected to be on or about Friday 6 November, being the third business day following the First Trading Date. The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the underwriting agreement between the Company, Aviva, the Selling Shareholder and the Joint Bookrunners on behalf of the Underwriters (the **Underwriting Agreement**) are not satisfied or waived or occur on or prior to such date. See "Plan of Distribution". Such

conditions include the receipt of officers' certificates and legal opinions and such events include the suspension of trading on Euronext Amsterdam or a material adverse change in the Company's financial condition or business affairs or in the financial markets. If closing of the Offering does not take place on the Settlement Date or at all, the Offering will be withdrawn, all purchase and sale transactions of Offer Shares under the Offering will be disregarded, any payments made will be returned without interest or other compensation and Euronext may annul transactions that have occurred.

Holders of Ordinary Shares outside the Netherlands may not be able to exercise pre-emptive rights in future offerings

In the event of an increase in the Company's Ordinary Share capital, holders of Ordinary Shares are generally entitled to full pre-emptive rights unless these rights are excluded either by a resolution of the General Meeting at the proposal of the Executive Board, with the approval of the Supervisory Board, or by a resolution of the Executive Board with the approval by the Supervisory Board (if the Executive Board has been designated by the General Meeting or the Articles of Association for this purpose). However, certain holders of Ordinary Shares outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with.

US holders of Ordinary Shares may not be able to exercise their pre-emptive rights or participate in a rights offer, as the case may be, unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. The Group intends to evaluate at the time of any issue of Ordinary Shares subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with any such registration statement, as well as the indirect benefits to it of enabling the exercise of US holders of their pre-emptive rights to Ordinary Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to file such a registration statement. The Group cannot assure investors that any registration statement would be filed as to enable the exercise of such holders' pre-emptive rights or participation in a rights offer.

Potential investors are expressly advised that an investment in the Ordinary Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Furthermore, before making an investment decision with respect to any Ordinary Shares, potential investors should consult their stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of the potential investor's personal circumstances.

RESPONSIBILITY STATEMENT

Potential investors should rely on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Article 5:23 of the Dutch Financial Supervision Act. Potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company, the Selling Shareholder, the Underwriters, or any of their respective affiliates. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The Company accepts responsibility for the information contained in this Prospectus excluding the information contained in "Use of Proceeds – The Selling Shareholder". The Selling Shareholder accepts responsibility for the information contained in "Use of Proceeds – The Selling Shareholder". Each of the Company and the Selling Shareholder declares that it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus for which it is responsible is in accordance with the facts and contains no omission likely to affect its import.

The Underwriters are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their respective customers in relation to the Offering and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their respective customers or for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

No representation or warranty, express or implied, is made by Goldman Sachs International and Morgan Stanley & Co. International plc (together, the **Joint Global Coordinators**), Merrill Lynch International, J.P. Morgan Securities Ltd, and RBS Hoare Govett Limited (together with the Joint Global Coordinators, the **Joint Bookrunners**) or the other Underwriters named in "Plan of Distribution" as to the accuracy or completeness of information contained in this Prospectus. Prospective investors are deemed to have acknowledged that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries, the Offer Shares or the Additional Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholder or the Underwriters. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

POTENTIAL CONFLICTS OF INTEREST

Certain of the Underwriters and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or Aviva or any parties related to any of them, in respect of which they have and may in the future, receive customary fees and commissions. In addition, the Company has a joint venture with ABN AMRO Bank. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The consolidated financial information in this Prospectus has been extracted from the Group's financial statements as at and for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 and has been prepared in accordance with IFRS and audited by PricewaterhouseCoopers Accountants N.V. (**PricewaterhouseCoopers**) (in the case of and for the years ended 31 December 2006 and 31 December 2007) and Ernst & Young Accountants LLP (**Ernst & Young**) (in the case of and for the year ended 31 December 2008). The unaudited consolidated interim financial statements as at and for the six months ended 30 June 2008 and 30 June 2009 have been prepared in accordance with IAS 34 and reviewed by Ernst & Young as stated in their report herein.

The Group's historical consolidated financial statements include:

- the audited consolidated financial statements of the Group prepared in accordance with IFRS as at and for the year ended 31 December 2008, 2007 and 2006; and
- the consolidated interim financial information of the Group prepared in accordance with IAS 34 as at and for the six months ended 30 June 2009 and 30 June 2008,

in each case together with the respective notes thereto.

In addition, the Company has presented certain non-GAAP financial information that is not prepared in accordance with IFRS:

- the operational result of the Group for the year ended 31 December 2008, 2007 and 2006;
- the operational result of the Group for the six months ended 30 June 2009 and 30 June 2008;
- management's cost base for the year ended 31 December 2008; and
- management's cost base for the six months ended 30 June 2009 and 30 June 2008.

Operational result as presented by the Group is a non-GAAP financial measure and is not a measure of financial performance under IFRS. The Group presents operational result because it is less affected than IFRS measures of performance by short-term external market impacts, and thus in the Group's view provides a better basis for assessing trends in the operational performance of the Group over time. A key aspect of the calculation of operational result is that it represents the normalised long-term performance of the Group's investment portfolio by substituting long-term investment return for the actual IFRS investment result which is subject to short term volatility. Operational result should not be considered in isolation as an alternative to result before tax or other data presented in the Group's financial statements as indicators of financial performance. Because it is not determined in accordance with IFRS, operational result as presented by the Group may not be comparable to other similarly titled measures of performance of other companies. For a discussion on how the Group calculates operational result and reconciles operational result to IFRS, see "Operating and Financial Review – Operational Result" and "Operating and Financial Review – Operational Result – Reconciliation of Operational Result to IFRS Result Before Tax".

Presentation of Market Consistent Embedded Value (MCEV)

The Group also presents the following management information:

- the MCEV as at 31 December 2008 and 31 December 2007 as well as an analysis of movements for the years ended 31 December 2008 and 2007;
- the MCEV as at 30 June 2009 and 30 June 2008 as well as an analysis of movements for the six months ended 30 June 2009 and 2008.

Embedded value is a valuation approach which focuses on the value to shareholders of expected future distributable earnings arising from an insurance company's in-force business, allowing for the risks to shareholders arising from uncertainty in the timing and amount of expected future distributable earnings. Embedded value reporting also focuses on the analysis of movement in shareholder value during a specific reporting period (referred to herein as "analysis of movement"), including the contribution arising from the sale of new business policies during a given reporting period. MCEV is a particular approach to embedded value where assets, liabilities and future cash flows are valued in line with market prices. This approach seeks to ensure that risks associated with the projected cash flows is calibrated to the market price for risk where this is reliably observable.

The MCEV results in this Prospectus have been prepared by the Group, and certain aspects have been reviewed by the Group's consulting actuaries, Towers Perrin Netherlands B.V. (**Towers Perrin**), as stated in their report herein. The MCEV of the Group has been calculated in accordance with the European Insurance CFO Forum Market-Consistent Embedded Value Principles¹ published on 4 June 2008 by the CFO Forum (which represents the chief financial officers of major insurers, including Aviva) (the **MCEV Principles**), except in the circumstances set out in "Operating and Financial Review – Market-Consistent Embedded Value – Areas of Non-Compliance with MCEV Principles". For a discussion on how the Group prepares MCEV results, see "Operating and Financial Review – Market-Consistent Embedded Value" as well as the report furnished by Towers Perrin included herein.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or row of a table contained in this Prospectus may not conform exactly to the total figure given for that column or row.

INCORPORATION BY REFERENCE

The Articles of Association (in Dutch) and the audited consolidated financial statements prepared in accordance with IFRS as at and for the year ended 31 December 2006, included in the Dutch version of the Company's annual report 2006 on pages 107 to 246 shall be deemed incorporated in, and form part of, this Prospectus and can be obtained free of charge on the Company's website at www.deltalloydgroep.com.

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Ordinary Shares arises or is noted prior to the end of the period in which prospective investors may apply for Offer Shares, being, subject to acceleration or extension of the timetable of the Offering, from Monday 19 October 2009 at 09:00 CET until Monday 2 November 2009 at 16:00 CET (the **Offer Period**), a supplement to this Prospectus will be published to be approved by the AFM in accordance with Article 5:23 of the Dutch Financial Supervision Act.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

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Prospective investors should rely only on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents of the Company's website (available at www.deltalloydgroep.com) or of websites accessible from hyperlinks on the Company's website, form part of, or are incorporated by reference into, this Prospectus.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus that are not historical facts are "forward-looking statements". This Prospectus contains forward-looking statements in "Risk Factors", "Business" and "Operating and Financial Review", which are based on the Company's beliefs and projections and on information currently available to the Company. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. 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 risks and uncertainties.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to and will not necessarily 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 the Company and its subsidiaries. Such risks, uncertainties and other important factors include, among others:

- fluctuations in its financial results and financial condition resulting from changes in the financial markets and general economic conditions;
- competition from local, national and international companies, new entrants in the market and self-insurance and changes to the competitive landscape in which it operates;
- the adoption of new, or changes to existing, laws and regulations;
- catastrophes and terrorist-related events;
- default by third parties owing money, securities or other assets on their financial obligations;
- equity market losses;
- long and/or short-term interest rate volatility;
- illiquidity of certain investment assets;
- flaws in underwriting assumptions, pricing and/or claims reserves;
- the termination of or changes to relationships with principal intermediaries or alliances;
- the unavailability and unaffordability of reinsurance;
- flaws in its underwriting, operating controls or IT systems, or a failure to prevent fraud;
- a downgrade (or potential downgrade) of its credit ratings;
- the outcome of pending, threatened or future litigation or investigations; and
- a conflict of interest between Aviva and minority Shareholders,

or other factors referred to in this Prospectus. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from those described herein as anticipated, believed, estimated or expected. The Company urges investors to read the sections of this Prospectus entitled "Risk Factors", "Business" and "Operating and Financial Review" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates.

ENFORCEMENT OF CIVIL LIABILITIES

The ability of Shareholders in certain countries other than the Netherlands to bring an action against the Company may be limited under law. The Company is a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands and has its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands. All of the directors and executive officers of the Company and certain of the persons named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or the Company or to enforce against them in US courts a judgment obtained in such courts.

The United States and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by US courts based on civil liability would not be directly enforceable in the Netherlands. However, if the party in whose favour such final judgment is rendered brings a new suit in a competent court in the Netherlands, that party may submit to the Dutch court the final judgment that has been rendered in the United States. A judgment by a federal or state court in the United States against the Company will neither be recognised nor enforced by a Dutch court but such judgment may serve as evidence in a similar action in a Dutch court.

MARKET AND INDUSTRY DATA

Market data and other statistical information used in this Prospectus is based on a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an **Independent Source**). These include AM Jaarboek, Assuralia, DNB, Dutch Association of Insurers, Statistics Netherlands (*Centraal Bureau voor de Statistiek*) (**CBS**), European Mortgage Federation, Economist Intelligence Unit, Fitch Ratings, the European Central Bank (**ECB**), Moody's and Swiss Re.

The Company has included the most recent available information from Independent Sources. However, in some cases market data and other statistical information are currently only available up to 2007, e.g. with respect to the insurance industry, information contained in AM Jaarboek 2008 and Assuralia 2007. Some data are based on good faith estimates of the Company, which are derived in part from a review of internal surveys of the Company, as well as the Independent Sources. Although the Company believes the Independent Sources are reliable, the Company has not independently verified the information and cannot guarantee its accuracy and completeness.

The information in this Prospectus that has been sourced from Independent Sources has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

TIMETABLE

Subject to an acceleration or extension of the timetable for the Offering, the timetable below sets forth certain expected key dates for the Offering and the financial calendar of the Company.

Event and date	
Start of Offer Period	Monday 19 October 2009 at 09:00 CET
End of Offer Period	Monday 2 November 2009 at 16:00 CET
Publication of the pricing statement containing Offer Price and number of Offer Shares	Tuesday 3 November 2009
Allocation	Tuesday 3 November 2009
First Trading Date	Tuesday 3 November 2009
Settlement Date	Friday 6 November 2009

The results of the Offering will be made public through publication of a press release as soon as possible after Allocation.

GENERAL

The Company may only make distributions to Shareholders if the Company's equity exceeds the sum of the paid-in and called-up share capital plus the reserves required to be maintained by Dutch law or by the Articles of Association. Distribution of dividends may only take place after adoption of annual accounts demonstrating that such distribution is legally permitted.

Under the Articles of Association, the Executive Board determines, subject to the approval of the Supervisory Board, which part of any profit will be reserved. Any profits remaining after such reservation will be used to pay a dividend on the Company's preference shares, if any are outstanding. Any profits remaining after dividend payment on the preference shares will be at the disposal of the General Meeting. The Executive Board is permitted, subject to certain requirements and subject to approval of the Supervisory Board, to declare interim dividends without the approval of the General Meeting. See "Description of Share Capital and Corporate Structure – Profits and Distributions".

DIVIDEND HISTORY

The following table sets out details of dividends paid on the then outstanding Ordinary Shares in respect of the past three years. It shows the aggregate amount paid and the amount paid per Ordinary Share. In 2008, the Ordinary Shares were split 1:9.08, and on completion of the Offering, the Ordinary Shares will split again 1:5. The table also shows what the dividend per Ordinary Share would have been had these share splits already occurred before the dividends were paid.

Year ended 31 December	Aggregate	Per Ordinary Share		
		Actual	After 2008 share split	After Offering share split
		(EUR)		
2006	170,837,439	51.76	5.70	1.14
2007	223,337,439	67.67	7.45	1.49
2008	0	0.00	0.00	0.00

In respect of the years 2006 and 2007 the Company paid an aggregate amount of EUR 501,944.52 on the Preference Shares A and EUR 6,125,122 on the preference shares B. The preference share capital of the Company will be restructured in connection with the Offering. See "Description of Share Capital and Corporate Structure" and "Major Shareholders and Related Party Transactions".

The Company did not pay any dividends on any of the Shares outstanding in respect of the year 2008, in light of the recent economic downturn.

DIVIDEND POLICY

The Executive Board will target a dividend pay out ratio of around 40-45% of net operational result (that is, operational result after tax and minority interests) on the Ordinary Shares. See "Operating and Financial Review – Operational Result". In considering the Company's annual dividend within the targeted pay-out ratio, the Executive Board also expects to take into consideration the Group's anticipated profitability over its three-year management planning period. By taking into consideration both current and anticipated profitability, the Executive Board intends to provide an appropriate degree of stability in dividend payments, so as to limit the impact of short-term fluctuations in profitability that may arise.

The Executive Board aims to deliver a stable and progressive dividend and aims to have a corresponding Group solvency ratio in the range of 160% to 175% of the minimum regulatory requirement, in order to maintain the Company's dividend policy.

If continuing the Company's dividend policy would risk breaching the Group's targeted solvency thresholds, the Executive Board will consider various possible capital management alternatives. These may include:

- capital raising activities, such as raising equity or Tier 1 Capital instruments;
- hedging or other alternative strategies to reduce net exposure to key risks; and
- other measures to reduce the capital requirement (such as reducing volumes of products with higher capital strain).

Any of these alternative measures would only be taken after due consideration of the impact of such actions on the Group's long-term profitability and business franchise.

MANNER AND TIME OF DIVIDEND PAYMENTS

Payment of any dividend on Ordinary Shares in cash will be made in euro. Dividends on the Ordinary Shares will be paid to Shareholders through Euroclear Nederland and credited automatically to Shareholders' accounts.

At the proposal of the Executive Board and with the approval of the Supervisory Board, the General Meeting may resolve to make distributions on the Ordinary Shares not in cash, but in Shares.

The Company will pay any final dividend within four weeks after adoption of the annual accounts, unless the General Meeting determines another date at the proposal of the Executive Board. Any interim dividend will be paid following the publication of the half year results. Different payment release dates may be designated for the Ordinary Shares, the Protective Preference Shares and the Preference Shares A. Claims for dividends shall lapse upon the expiry of five years after the date such dividends were released for payment. The Company intends to pay an annual interim dividend and an annual final dividend on Ordinary Shares, with a split of approximately 45% at the interim and 55% at the final dividend. The first dividend (if any) on Ordinary Shares following the Offering will be a final dividend determined in respect of the year 2009 and will be paid after the annual General Meeting to be held in 2010. In respect of 2010 and thereafter, the Company intends to pay an interim dividend and a final dividend on Ordinary Shares. Dividend payments are generally subject to withholding tax in the Netherlands. See "Taxation".

THE SELLING SHAREHOLDER

Aviva, through the Selling Shareholder, will receive the net proceeds from the Offering and, if the Over-Allotment Option is exercised, the net proceeds from the sale of the Additional Shares. The proceeds received by the Selling Shareholder will be entirely at the disposition of the Selling Shareholder.

Aviva has stated that it will use the proceeds for general corporate purposes.

THE COMPANY

The Company will not receive any proceeds from the Offering.

To encourage employee ownership of Ordinary Shares, the Company will allocate to each eligible employee of the Group residing in the Netherlands and having a permanent employment contract on 5 October 2009 9 Offer Shares at no cost. Assuming that the Offer Price will be at the mid-point of the Offer Price Range, the amount to be paid by the Company for Offer Shares allocated to eligible employees as part of the Employee Allocation will amount to approximately EUR 639,164. Furthermore, eligible employees of the Group residing outside the Netherlands are not eligible for the Employee Allocation but such employees with a permanent employment contract as of 5 October 2009, being 2,290 employees, will receive a cash amount equal to the number of Offer Shares allocated to eligible employees as part of the Employee Allocation, multiplied by the closing price of the Ordinary Shares on Euronext Amsterdam on 15 April 2010 (see “The Offering – Employee Allocation”).

THE NETHERLANDS

Dutch Economy – Recent Economic Downturn

The Dutch economy, like most other economies, has been adversely affected by the recent economic downturn with a decline in gross domestic product (**GDP**) of 4.2% in the first half of 2009 (based on value at prices of 2000, seasonally adjusted). (Source: CBS)

In addition to the GDP decline, significant difficulties in the Dutch financial services industry were experienced during the recent economic downturn, compelling the Dutch State to take over Fortis Bank Nederland (including parts of ABN AMRO Bank) and its Dutch insurance activities, including ASR Verzekeringen (formerly Fortis Verzekeringen Nederland), on 3 October 2008.

Furthermore, the Dutch State provided for a facility of EUR 20 billion in early October 2008 to inject capital into financial institutions. The facility has been used by ING Group (October 2008), AEGON (October 2008) and SNS Reaal (November 2008), in amounts of EUR 10 billion, EUR 3 billion and EUR 750 million, respectively. As a result of these capital injections, the Dutch State currently holds participating interests in ING Group, AEGON and SNS Reaal and is now represented on the supervisory boards of these institutions. Since the Dutch State historically had limited direct interests in the Dutch financial services industry, it is expected that the involvement of the Dutch State will be temporary.

To further stabilise the financial system, the Dutch State increased the limit of the guarantee scheme of retail deposits to EUR 100,000 from EUR 40,000 to reduce retail deposit outflows. The Dutch State also provided a EUR 200 billion credit guarantee scheme allowing eligible Dutch banks to issue guaranteed debt with maturities between three months and five years. The scheme is intended to help banks restore liquidity and continue their lending. In addition, the Dutch State took over 80% of the credit risk relating to a portfolio of approximately USD 39 billion Alt A securities owned by certain US subsidiaries of ING Group in the beginning of 2009. (Source: Moody's 2009 and DNB 2009).

Dutch Insurance Industry

Introduction

With gross written premiums of EUR 76 billion, the Dutch insurance industry was the fifth largest in Europe in 2008, behind the United Kingdom, France, Germany and Italy, representing 6.4% of the total European insurance industry. Between 1999 and 2008, the compounded annual growth rate (**CAGR**) of the Dutch insurance industry was 3.1%. (Source: Swiss Re 2009, AM Jaarboek 2001 and Dutch Association of Insurers 2009).

The Dutch insurance industry has a high insurance density, which is a measure of gross written premiums per capita or gross written premiums as a percentage of GDP, and is therefore considered a mature market. In 2008, the Netherlands ranked second within Europe both by gross written premiums per capita (EUR 4,681) and by gross written premiums as a percentage of GDP (12.9%). (Source: Swiss Re 2009).

The table below shows the breakdown of total gross written premiums in the Netherlands for 2005-2007, split between life insurance and general insurance.

Year	Life insurance		General insurance ⁽¹⁾		Total	
	EUR million	% Total	EUR million	% Total	EUR million	Growth (%)
2005	24,544	50.9	23,716	49.1	48,260	-0.7
2006	25,651	35.1	47,407	64.9	73,058	51.4 ⁽²⁾
2007	26,327	35.2	48,490	64.8	74,817	2.4

(1) Figures including health insurance.

(2) In 2006, the health care system was privatised. See “– General insurance industry”.

Source: AM Jaarboek 2008, AM Jaarboek 2007 and AM Jaarboek 2006

Distribution channels

The Dutch insurance market uses four distribution channels: (i) intermediaries, (ii) bancassurance, (iii) direct distribution and (iv) other, including tied agents (agents that sell the products of only one financial services provider). The main distribution channel in the Dutch insurance market is the intermediary channel, which includes independent financial advisers (**IFAs**), underwriting agents (*volmacht*, with respect to general insurance), actuarial consulting firms (with respect to life insurance) and brokers. Underwriting agents are intermediaries that offer insurance policies under their own brand and act as insurer without actually bearing the associated risks, which are borne by the insurance companies. Actuarial consulting firms are highly specialised firms that mainly advise large corporate customers on pension plans on a fee per hour basis rather than on a commission basis.

Life insurance industry

Size and products

The Dutch life insurance market is the sixth largest in Europe measured by gross written premiums and accounts for 3.7% of the European life insurance industry. (Source: Swiss Re 2009)

The individual life insurance market is the largest segment of the Dutch insurance industry accounting for 66.7% of life insurance gross written premiums generated by insurance companies in 2007. Group life insurance accounted for 33.3% of the life insurance gross written premiums generated in the same period.

In the Netherlands, group life insurance (pensions) is particularly relevant for insurance companies and (industry-wide) pension funds. This is because under Dutch law, the group (pension) insurance system is largely privatised (unlike in Belgium). In 2007, the Dutch life insurance companies generated EUR 8.8 billion of gross written premiums with a market share of 26.1% of the Dutch pension market. Industry-wide and company pension funds accounted for the remaining EUR 24.9 billion of gross written premiums and the remaining market share of 73.9%. Dutch pension funds benefit from different legislation than group life insurance (see “– The Netherlands – Dutch Insurance Industry – Industry trends and developments” for more information) in the Netherlands. (Source: Moody’s 2008, AM Jaarboek 2008 and DNB)

The table below shows the breakdown of life insurance gross written premiums for 2005-2007 by product category.

Year ⁽¹⁾	Individual	% Total	Group	% Total	Total	Growth (%)
	EUR million		EUR million		EUR million	
2005	17,265	70.3	7,279	29.7	24,544	-1.7
2006	17,511	68.3	8,140	31.7	25,651	4.5
2007	17,569	66.7	8,758	33.3	26,327	2.6

Year	Unit-linked	% Total	Traditional	% Total	Total	Growth (%)
	EUR million		EUR million		EUR million	
2005	10,914	44.5	13,630	55.5	24,544	-1.7
2006	10,748	41.9	14,903	58.1	25,651	4.5
2007	11,552	43.9	14,775	56.1	26,327	2.6

Year	Single	% Total	Annual	% Total	Total	Growth (%)
	EUR million		EUR million		EUR million	
2005	11,205	45.7	13,339	54.3	24,544	-1.7
2006	12,301	48.0	13,350	52.0	25,651	4.5
2007	12,603	47.9	13,725	52.1	26,327	2.6

(1) Figures excluding secondary income (*indirect bedrijf*) and including foreign income.
Source: AM Jaarboek 2008, AM Jaarboek 2007 and AM Jaarboek 2006

As of 2008, the sale of unit-linked products decreased as markets began to decline and lower returns were passed on to policyholders. See “– The Netherlands – Dutch Insurance Industry – Industry trends and developments”.

Competitive landscape

Individual life insurance market

As shown in the table below, the six largest players in the Netherlands held a combined market share of approximately 85% in 2007 in the individual life insurance market.

The table below shows the market shares of the key players in the individual life insurance market in 2007.

No.	Company	Market share (%)
1.	ING Group	18.6
2.	SNS Reaal	18.3
3.	Eureko	16.0
4.	ASR Verzekeringen	13.9
5.	Delta Lloyd Group	10.4
6.	AEGON	8.1
7.	Others	14.7

Source: AM Jaarboek 2008

Group life insurance market

Since 2006, the group life insurance market has expanded with market leaders pursuing large pension contracts. In 2007, the six largest players held a combined market share of almost 98%.

The table below shows the market shares of the key players in the group life insurance market in 2007.

No.	Company	Market share (%)
1.	AEGON	22.0
2.	ING Group	21.1
3.	Delta Lloyd Group	17.4
4.	SNS Reaal	14.0
5.	Eureko	13.9
6.	ASR Verzekeringen	9.5
7.	Others	2.1

Source: AM Jaarboek 2008

Distribution channels

Distribution in the Dutch life insurance market has historically been dominated by intermediaries, which accounted for 57.6% of the life insurance gross written premiums in 2008. A number of large intermediary networks focus exclusively on the sale of life insurance policies. Life insurance products are generally complex products, which often require individual advice prior to purchase. Consequently, customers have, for the most part, not begun using the internet to purchase life insurance products. (Source: Dutch Association of Insurers 2009 and Moody's 2008)

The table below shows the market shares of the distribution channels in the life insurance market in 2008.

Distribution channel	Market share (%)
Intermediaries	57.6
Direct ⁽¹⁾	25.9
Bancassurance	13.0
Others	3.5

(1) Mostly call centres.

Source: Dutch Association of Insurers 2009

Industry trends and developments

- *Changing demographics:* The Dutch population is ageing, with people over the working age (>65 years) representing 14.7% of the total population in 2008. In 2050, this age group is expected to increase to 24.5%. The proportion of the working age population is expected to decrease from 61.3% in 2008 to 53.9% in 2050. As the over-65 population of the Netherlands grows in absolute numbers as well as relative to the working age population, the Dutch state pension system will face increasing demands which it may not be able to meet. In the face of perceived increases in state pension risk, potential state pension beneficiaries are expected increasingly to seek tax efficient savings products and estate planning products from the private sector. (Source: CBS) See “Operating and Financial Review – General Factors Affecting Results – Demographic Trends”.
- *Early retirement reforms:* To mitigate the impact of the ageing population and the falling number of young people in the job market, the Dutch State has introduced a series of measures in recent years to encourage people to work to or past the age of 65, including the increase of the labour-related tax credit (*arbeidskorting*) for older workers. Additionally, the current government coalition agreement provides for the introduction of a state pension (*Algemene ouderdoms wet, AOW*) levy for people over the age of 65, and a bonus for people who choose to work longer. The government is also considering giving people the option to fully or partially postpone their AOW retirement date in order to receive a higher AOW state pension in their remaining lifetime.

- *Tax benefits:* Tax benefits are available for premiums paid for certain annuities (*lijfrenten*) under Dutch tax legislation. These benefits depend on the size of an individual's "pension gap", which is defined in Dutch tax legislation. Generally, a pension gap is any shortfall up to 70% of the individual's projected final salary at the age of 65.
- *Bancaire lijfrente:* *Bancaire lijfrente* is sold in two forms: as a long-term savings and investment product (deferred annuity) or as a temporary immediate annuity. Both provide economic returns to customers that are similar to, and otherwise substitute for, individual life annuity products. Due to legislative changes in the Netherlands in 2008, *bancaire lijfrente* is now as tax-efficient as life insurance products, enabling banks to offer it at terms competitive with individual life insurance. This has resulted in a decline in the sales of certain individual life insurance policies. See "Operating and Financial Review – Key Factors Affecting Results of Operations – Bancaire Lijfrente".
- *General Pension Institution (API):* In mid-2008, to facilitate a cross-border pension vehicle with only one supervisory authority for employers who are active in more than one country, the Dutch Ministry of Social Affairs and Employment proposed a new form of pension provider called the General Pension Institution (*Algemene Pensioen Instelling* or *API*). Pension funds from all Member States can participate. This pensions reform process consists of three phases: the creation of a premium pension institution (*Premie Pensioen Instelling* or *PPI*, the Dutch variation of a pooling fund for defined contribution plans), the introduction of the option for Dutch pension funds to create multi-company pension funds and creating an API for defined benefit schemes. The draft bill for the creation of a PPI contribution pension institution was presented in March 2009 and the draft bill for the multi-company pension funds was presented in September 2009. The Dutch Association of Insurers believes that the implementation of the first phase will have a limited impact. At this moment, the Dutch Association of Insurers is assessing what the expected consequences will be of the implementation of the second phase. As the third phase is not yet clear, the consequences for the insurance market cannot yet be determined. (Source: Dutch Association of Insurers 2008).
- *Unit-linked insurance products:* Unit-linked insurance products were developed and launched in the 1990s when stock markets – compared with stock prices in the past – were strong and continuing to grow. Unit-linked insurance products have been very attractive in periods of securities markets growth which benefited the policyholder. However, as markets began to decline beginning in 2007, unit-linked insurance products became less attractive compared with traditional life insurance, as lower returns were passed on to policyholders. In September 2006, a large group of policyholders and consumer organisations began to investigate the lack of transparency of the structure of these contracts (particularly in respect of costs), including pure unit-linked insurance policies and those with guarantees. A mediation process initiated by the AFM at the beginning of 2007 led to the recommendation in March 2008 that Dutch insurers compensate customers for excessive costs, and that insurers retroactively cap the costs of the policies.

In September 2008, the Group became the first Dutch insurer to reach an agreement with consumer groups to compensate unit-linked policyholders. Since this agreement, other insurance companies have followed this example by reaching similar agreements with these consumer organisations.

Over the past year, the demand for unit-linked products has significantly declined as markets began to decline and lower returns were passed on to policyholders. (Source: Moody's 2008) See "Operating and Financial Review – Key Factors Affecting Results of Operations – Unit-Linked Insurance Transparency Investigation and Settlement".

- *Increased competition from pension funds:* The Dutch State is expected to further ease regulatory restrictions on pension fund involvement in insurance activities. For instance, large industry-wide pension funds recently started splitting off their administration and investment operations into subsidiaries that offer personal life insurance products. There are also discussions about allowing compulsory industry-wide pension funds to market the personal life insurance products of these pension funds-related administration organisations and subsidiaries to their

(former) participants and pensioners. Since 2007, companies that previously had only the option of choosing an insurer or incorporating their own pension plans, now also have the option to affiliate with industry-wide pension funds on a voluntary basis. Furthermore, as of 1 January 2008 it is possible for divested companies to remain affiliated with the company pension fund of their former parent company, whereas they were previously obliged to obtain an insurer or incorporate their own pension fund to administer their pension plan. As a result, pension funds may be able to enter areas that, until recently, were exclusively serviced by insurance companies. See “Risk Factors – Strategic Risks – The Group is exposed to further changes in the competitive landscape in which it operates”.

General insurance industry

Size and products

The Dutch general insurance market is the fourth largest in Europe measured by gross written premiums accounting for 10.5% of the European general insurance market in 2008 (including health insurance). (Source: Swiss Re 2009).

The table below shows the breakdown of general insurance gross written premiums for 2005-2007 by product category.

Year (EUR million)	Accident & Health	Motor	Transport	Fire	Other	Total	Growth (%)
2005	11,425	4,518	672	3,433	3,668	23,716	0.5
2006	34,740 ⁽¹⁾	4,511	711	3,452	3,993	47,407	99.9
2007	35,756	4,477	724	3,571	3,963	48,490	2.3

(1) In 2006, the Dutch health care system was privatised. Pursuant to the Dutch Health Insurance Act (*Zorgverzekeringswet*), all residents of the Netherlands are obliged to take out health insurance abolishing the distinction between social health insurance and private insurance.
Source: AM Jaarboek 2008, AM Jaarboek 2007 and AM Jaarboek 2006

The general insurance industry is composed of five major lines of business:

- **Accident & Health:** this line includes basic and supplementary health insurance, absenteeism, disability and accident insurance (income protection insurance);
- **Motor:** this line includes insurance for motor vehicle liability and bodywork;
- **Transport:** this line includes insurance with respect to railway rolling stock, aircraft, ships, aircraft liability, liability for ships and goods in transit;
- **Fire:** this line includes insurance for fire and natural forces and other property risks; and
- **Other:** this line includes insurance for general liability, miscellaneous financial loss, aid, credit and legal expenses.

Competitive landscape

The Dutch general insurance industry is highly concentrated. The top eight general insurance companies (excluding health insurance) held a combined market share of approximately 77% of gross written premiums in 2007.

The table below shows the market shares of the key players in the general insurance market in 2007.

No.	Company	Market share (%) ⁽¹⁾
1.	Eureko	21.2
2.	ASR Verzekeringen	16.6
3.	ING Group	10.3
4.	Delta Lloyd Group	8.7
5.	Allianz	6.8
6.	SNS Reaal	5.5
7.	AEGON	4.2
8.	Uvit	3.6
9.	Others	23.1

(1) Figures excluding health insurance.

Source: AM Jaarboek 2008

Distribution channels

Distribution in the Dutch general insurance market has historically been dominated by intermediaries, which accounted for 42.1% of the general insurance gross written premiums in 2008. The direct distribution channel has become increasingly important in the distribution of simple commodity general insurance products (private insurance customers) in the Netherlands in the past couple of years. In addition to call centres, customers frequently use the internet to not only obtain information about products and to compare prices, but also to purchase policies. The development by the large insurance companies of internet capabilities has caused a sharp increase in the use of the direct channel in recent years. These companies participate in the direct channel under different brands in order to preserve their relationships in the intermediary channel. (Source: Dutch Association of Insurers 2009 and Moody's 2008)

The table below shows the market shares of the distribution channels in the general insurance market in 2008.

Distribution channel	Market share (%) ⁽¹⁾
Intermediaries	42.1
Direct	38.0
Bancassurance	16.7
Others	3.2

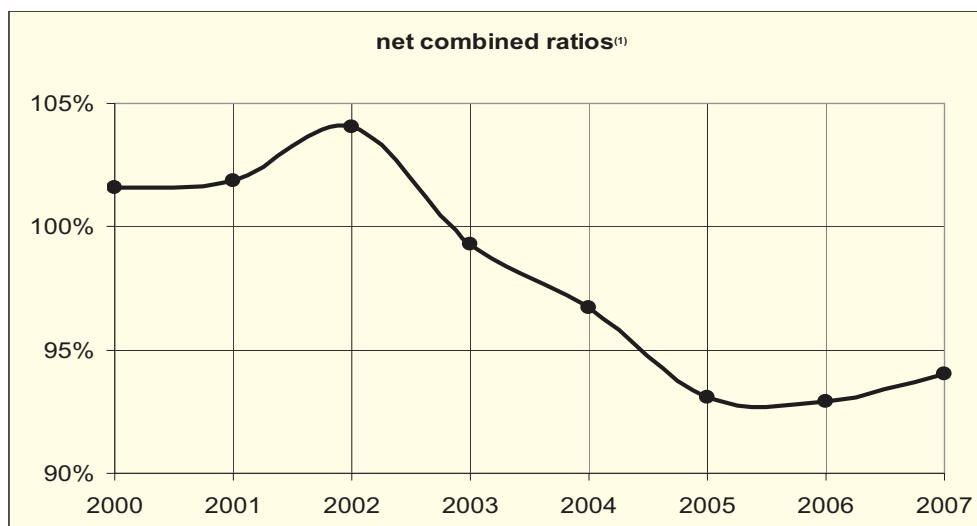
(1) Figures excluding health insurance.

Source: Dutch Association of Insurers 2009

Industry trends and developments

- *Combined ratio – softening market:* The combined ratio is the core indicator of profitability of the general insurance market. The market is cyclical and over a period, as profits improve, premiums tend to be lowered as a result of price competition. Since 2003, the general insurance market as a whole in the Netherlands has been profitable. During the last couple of years, premiums for most products have decreased (a “softening” market). In addition, profitability has been negatively impacted by an increasing claims ratio due to increased claims frequency as well as increased transparency as a result of the internet and the accompanying pressure on price. (Source: Towers Perrin analysis based on AM Jaarboek 2000-2008)

The graph below shows the development of the net combined ratio in the Netherlands between 2000 and 2007.



(1) Net combined ratios estimated as: gross combined ratios + 3.5%. Excluding the Accident & Health segment.

Source: Towers Perrin analysis based on AM Jaarboek 2000-2008

In 2008, this trend continued, leading to net combined ratios in the range of 96% of net premiums earned. (Source: Dutch Association of Insurers 2009)

- Code of conduct on informed extension of contract periods for private general insurance policies:* On 1 January 2010, the code of conduct on informed extension of contract periods for private general insurance policies issued by the Dutch Association of Insurers will come into effect. Pursuant to the code of conduct, general insurance companies must inform policyholders prior to the expiration of the contract period if they intend to extend the policy and that the policyholder has the ability to terminate the contract. Policyholders will be able to terminate contracts with an initial term of one year after the initial term at any time with one month's notice. For contracts with terms of more than one year, policyholders will have two options on expiration of the fixed term: extend the contract for either one year or for the same fixed term. If the policyholder chooses for a one-year extension, the policyholder will have the right to terminate the contract at any time upon one month's notice. If the policyholder wishes to extend the contract for the same fixed term, the policyholder will only have the right to terminate the contract on the expiration date of the subsequent term. The code of conduct applies to all private insurance contracts entered into as of 1 January 2010 and to any current contracts that are extended after 1 March 2010. (Source: Dutch Association of Insurers 2009) See also "Risk Factors – Financial Risks – Adverse experience compared with the assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition".

Dutch Fund Management Industry

Introduction

As at 31 December 2007, the European fund management industry managed EUR 13.6 trillion in assets, representing more than one third of the assets of the global fund management industry. The Dutch fund management industry represented 4% of the total European fund management industry in 2007 with EUR 492 billion in assets under management. In 2008, the ratio of assets under management to GDP was 87%. (Source: EFAMA 2009)

Size and products

The Dutch fund management industry is divided between the following two main product categories:

- *investment funds*: investment funds are pools of assets with specified risk levels and asset allocations in which investors may purchase or redeem shares; by pooling savings from various sources, investment funds offer investors a number of advantages, particularly in terms of risk diversification and reduced costs from economies of scale; and
- *discretionary mandates*: discretionary mandates give fund managers the authority to manage the assets on behalf of investors on a segregated basis separate from other customer assets in accordance with a predefined set of rules and principles.

In the Netherlands, discretionary mandates represented around 82% (EUR 401 billion) and Dutch-based investment funds 18% (EUR 18 billion) of assets under management in 2007, representing a market share of 1.2% and 6% of the European market, respectively. The predominance of discretionary mandates reflects the important role of defined benefit pension schemes in the Dutch occupational pension system.

The table below shows the total assets under management in the Netherlands for 2006 and 2007, split between investment funds and discretionary mandates. (Source: EFAMA 2009)

Year	Investment funds	Discretionary mandates		Total
	EUR billion	% Total	EUR billion	% Total
2006	102	18.0	457	82.0
2007	91	18.0	401	82.0

Source: EFAMA 2009

Competitive landscape

The five largest players in the Dutch fund management market are ING Group, AEGON, Robeco, Fortis and the Group. (Source: annual reports fund managers)

Industry trends and developments

- *Market assessment*: The Dutch market, along with other European markets, suffered severe difficulties as a result of the recent economic downturn. Investor withdrawals (by primarily retail investors) in the Netherlands during the worst months of 2007 and 2008 appeared to be moderate in comparison with other European markets. The Dutch industry is currently in the process of rebuilding following significant deposit outflows and declines in asset values. However, the first signs of recovery have started to emerge. (Source: Lipper FMI 2009)
- *Search for income enhancement and security*: The ECB's decision to reduce interest rates in March and May of 2009 led to decreased interest rates paid on deposit accounts and increased pressure on investors to find returns greater than those offered by deposit accounts. This was expected to lead to increased demand for investment grade bond products and the first half year of 2009 appeared to confirm that trend. Government bond products, however, have not experienced the same increased demand and there has been little abatement in the ongoing withdrawal from more traditional government bond products. While the rate of redemption in euro-bond funds has eased noticeably, outflow continues.

The importance to institutions of relatively secure income streams was also evident in the increase of funds placed into so-called specialty funds. (Source: Lipper FMI 2009)

- *Regulatory scrutiny*: DNB is currently undertaking a review of how pension funds and fund managers managed their risks through the recent economic downturn. At the fund management level, the focus will be on liquidity management and each institution's ability to manage redemptions. DNB is also reviewing the role of investment advisers and considering increasing the investment values at which an investor is considered "professional" and therefore unprotected, from EUR 50,000 to as high as EUR 250,000. This would broaden the responsibility of investment advisers to most individuals. Regulatory reach could also extend to the numerous product lines developed prior to the recent economic downturn and which are currently not subject to regulatory supervision. Banks are becoming increasingly cautious in how they dispense investment advice, centralising the product selection function and leaving investment advisers with less freedom. (Source: Lipper FMI 2009)

- *Other developments:* Dutch banks increasingly apply “open architecture” to their distribution activities, meaning that they offer customers a “best choice” that fits with that customer’s risk and return preferences without focusing solely on the banks’ own products.

In addition, the number of households investing directly in equity markets, the private investor segment, shrank from 1.4 million in 2008 to 950,000 in the spring of 2009. (Source: Millward Brown 2009)

Dutch Banking Industry

Introduction

The aggregate total balance sheets of Dutch banks amounted to EUR 2,235 billion at 31 December 2008, making the Netherlands the sixth largest banking market in Europe by total assets, behind the United Kingdom, Germany, France, Italy and Spain. (Source: Eurostat and ECB)

The table below shows the total balance sheet of Dutch banks for 2006–2008.

Year	EUR billion
2006	1,843
2007	2,176
2008	2,235

Source: ECB

The asset structure of most Dutch banks is largely dominated by mortgage loans, which generally represent more than 50% of their loan books. Mortgage loans have historically been a relatively stable and recurring source of income. However, the market is highly competitive and generates low margins. Additionally, the Dutch housing market is deteriorating and a decrease in transactions registered since the end of 2008 has negatively impacted the volume of mortgage loans in the banks, resulting in lower profitability. (Source: Moody’s 2009)

Despite the challenging economic environment, the average house price in the Netherlands increased from approximately EUR 247,650 in 2007 to approximately EUR 252,145 at the end of 2008, an increase of 1.8%. In the second quarter of 2008, the average issued mortgage loan amounted to EUR 291,261. (Source: Land Registry (*Kadaster*) and Fitch Ratings 2009)

Residential mortgages

With a total outstanding amount of EUR 376 billion at 31 December 2008, the Dutch residential mortgage market was the fifth largest market in Europe by volume, trailing only behind the United Kingdom, Germany, France and Spain.

On a relative basis, the Netherlands has the second highest amount of outstanding mortgage loans as a percentage of GDP in Europe, trailing behind only Denmark with mortgage loan indebtedness of Dutch households higher than in most countries in Europe. However, the level of owner occupation in the Netherlands of approximately 54% in 2008 is relatively low compared to the average of the EU (73.6%). (Source: European Mortgage Federation 2008 and DNB 2008)

The relative size of the Dutch residential mortgage market, the level of mortgage loan indebtedness of Dutch households and the growth of the Dutch mortgage market are the result of regulatory, macro-economic and market factors. One of the most important factors that influences the Dutch mortgage market is the tax deductibility of interest paid on residential mortgage loans for principal homes for a period of up to 30 years under certain conditions. As a result of this tax benefit, many consumers try to borrow as much as possible in order to fully benefit from the tax deduction and do not repay any of the outstanding principal before maturity. This tax benefit is also the main driver for the high loan to value ratios in the Netherlands. In addition, the Netherlands typically has high loan to value ratios as the ratios are not calculated against the appraisal value but against the foreclosure value which is approximately 90% of the appraisal value. In 2008, the Netherlands had an average loan to value ratio at production of 101% (excluding mortgage loans guaranteed by the National Mortgage Guarantee (*Nationale Hypotheek Garantie*)). Dutch citizens that take out a mortgage

loan to buy a house for which the total costs do not exceed EUR 350,000 (this amount is applicable as of 1 July 2009) are eligible for the National Mortgage Guarantee, which is provided by the Homeownership Guarantee Fund (*Stichting Waarborgfonds Eigen Woningen*). Under the National Mortgage Guarantee, the Homeownership Guarantee Fund guarantees the repayment of the mortgage loan to the lender. (Source: ING Bank 2009 based on ECB and McKinsey figures and Nationale Hypotheek Garantie website)

In relation to the Dutch mortgage market, mortgage loan related savings products (*kapitaalverzekering eigen woning*) are attractive because the interest arising from such products is exempt from taxation, provided certain conditions are met. Furthermore, the mortgage loan provider may treat the mortgage loan related savings product as collateral for the mortgage loan, which is an additional explanation for the relatively high loan to value ratio in the Netherlands. Since 1 January 2008, this has also applied for banking products related to mortgage loan redemption (*spaarrekening eigen woning*).

Consumer deposits and savings

At 31 December 2008, the total balance of saving accounts of private individuals increased by 6% to EUR 251,258 million from EUR 237,131 million at 31 December 2007.

The table below shows the total balance of saving accounts of private individuals for 2006-2008.

Year	EUR million
2006	221,339
2007	237,131
2008	251,258

Source: CBS

Due to the difficulties in the credit and capital markets in 2008, banks sought alternative financing sources, generally in the form of savings deposits by offering high rates. Dutch companies introduced high-rate deposit facilities, as did smaller institutions that switched from an “originate to distribute” business model to the traditional “originate to hold” business model. In August 2009, consumer household savings amounted to EUR 289,287 million. (Source: DNB and CBS)

Competitive landscape

The four leading financial services groups in the Dutch banking market (ABN AMRO Bank, ING Bank, Rabobank and Fortis Bank Nederland) have successfully retained significant market share and most foreign entrants have thus far not been successful in capturing a significant market position. Going forward, the Dutch banking market could become more concentrated with the proposed integration of ABN AMRO Bank’s state-acquired businesses with Fortis Bank Nederland, which the Dutch Ministry of Finance announced on 21 November 2008. (Source: Moody’s 2009)

Industry trends and developments

- *Bancaire lijfrente*: *Bancaire lijfrente* is sold in two forms: a long-term savings and investment product (deferred annuity) or as a temporary immediate annuity. Both provide economic returns to customers that are similar to, and otherwise substitute for, individual life annuity products. Due to legislative changes in the Netherlands in 2008, *bancaire lijfrente* is now as tax-efficient as life insurance products, enabling banks to offer it at terms competitive with individual life insurance. The savings part of *bancaire lijfrente* can be used by banks for funding mortgage loans or other banking activities similar to long-term deposits. See “Operating and Financial Review – Key Factors Affecting Results of Operations – Bancaire Lijfrente”.
- *Increase in savings in bank deposits*: Saving accounts of private individuals have recently increased, in view of deteriorating equity markets, to approximately EUR 289,287 million in August 2009. As other sources of funding have become scarcer, the increase of bank deposits

has led to stiff competition between banks to obtain these deposits as the banks wish to bolster their deposit bases and improve their funding position and rebalance their funding base away from wholesale funding. (Source: CBS)

- *Profitability:* In 2008, most of the Dutch banks suffered a decrease in their profitability and efficiency levels and net losses. Apart from losses stemming from the structured credit portfolios, all Dutch banks have been negatively affected by the deterioration of their asset quality. Furthermore, the banks' profitability continues to suffer from the negative effects of the high cost of funding stemming either from the high interest rates on retail deposits or from state guaranteed funding. The profitability of Dutch banks may also be affected by potential further losses on their structured credit exposures and lower housing prices in the case of defaults under mortgage loans and some banks may need to receive additional costly capital support in the future. (Source: Moody's 2009)

BELGIUM

Belgian Economy – Recent Economic Downturn

The Belgian economy, like most other economies, has been adversely affected by the recent economic downturn with a decline in GDP of 3.1% in the first half of 2009 (based on value at current prices, seasonally adjusted). (Source: NBB)

In addition to the GDP decline, significant difficulties in the Belgian financial services industry were experienced during the recent economic downturn. The following measures were taken by the Belgian State in the banking industry: (i) the NBB provided emergency liquidity assistance, (ii) capital injections were provided by the Belgian federal and local governments to Dexia, KBC and BNP Paribas Fortis (previously Fortis Bank) and the Belgian State committed to maintaining BNP Paribas Fortis' Tier 1 Ratio at a minimum level of 9.2% for three years and (iii) a state guarantee scheme on debt and assets of the four major banks was put in place. The Belgian State also introduced a new deposit insurance guarantee scheme to ensure that insurance savings (as well as banking savings) are protected up to a maximum amount of EUR 100,000. This scheme, which covers traditional insurance products, has only been used by Ethias. (Source: Moody's 2009, Economist Intelligence Unit 2009 and the Deposit and Financial Instrument Protection Fund website)

In the Belgian insurance industry, only Ethias (which is not part of a bancassurance conglomerate) required support from the Belgian State, which together with the Flemish and Walloon governments provided a EUR 1.5 billion capital injection. In return for this capital injection, the state authorities each acquired a 25% stake in Ethias. (Source: European Commission 2009 and Ethias (website))

Belgian Insurance Industry

Introduction

Private insurance companies play a smaller role in the Belgian insurance market compared with the Netherlands because the Belgian State still plays an important role in the health insurance market. In 2008, the Belgian market ranked seventh within the European insurance industry based on gross written premiums per capita (EUR 2,937) and sixth based on gross written premiums as percentage of GDP (9.1%). In comparison, the Netherlands ranked second in 2008 with gross written premiums per capita of EUR 4,681 and gross written premiums as percentage of GDP of 12.9% in 2008. (Source: Swiss Re 2009)

With gross written premiums of EUR 22 billion, the life insurance market represented 67.6% of the Belgian insurance market in 2008. Because the Belgian State is still very active in health insurance, general insurance, representing EUR 11 billion, constitutes the smaller part of the insurance industry. In comparison, the life insurance market in the Netherlands represented 35.2% of the insurance market in 2007. The difference in composition of the insurance landscape between the two countries is explained by the importance of private pension funds and the large impact of the Accident & Health segment on the general insurance market in the Netherlands. (Source: Assuralia 2009 and Dutch Association of Insurers 2009)

The table below shows the breakdown of total gross written premiums in Belgium for 2006-2008, split between life insurance and general insurance.

Year	Life insurance		General insurance		Total
	EUR million	% Total	EUR million	% Total	EUR million
2006	20,382	69.1	9,108	30.9	29,491
2007	21,658	69.4	9,535	30.6	31,193
2008 ⁽¹⁾	20,516	67.6	9,823	32.4	30,339

(1) 2008 figures are based on estimates.

Source: Assuralia 2008 and 2009

Distribution channels

There are four distribution channels in the Belgian insurance market: (i) intermediaries, which includes traditional brokerage (i.e. brokers that are members of the federations of insurance and financial intermediaries (*FVF* and *Feprabel*)), brokers that work via banks and brokers that are members of the professional association of insurance brokers (*BVVM*) (collectively known as the “megabrokers”) all of whom also distribute products for other insurers, (ii) bancassurance, (iii) direct distribution and (iv) other, including tied agents. The main distribution channel in the Belgian insurance market is the intermediary channel. (Source: Assuralia 2008)

Life insurance industry

Size and products

The Belgian life insurance market is the eighth largest in Europe measured by gross written premiums and accounts for 3.1% of the European life insurance market. (Source: Swiss Re 2009)

The table below shows the breakdown of life insurance gross written premiums for 2006-2008 by product category.

Year	Individual		Group		Total
	EUR million	% Total	EUR million	% Total	EUR million
2006	16,491	80.9	3,891	19.1	20,382
2007	17,377	80.2	4,281	19.8	21,658
2008 ⁽¹⁾	15,909	78.9	4,607	21.1	20,516

Year	Unit-linked		Traditional		Total
	EUR million	% Total	EUR million	% Total	EUR million
2006	4,074	20.0	16,308	80.0	20,382
2007	3,120	14.4	18,538	85.6	21,658
2008 ⁽¹⁾	2,278	11.1	18,238	88.9	20,516

(1) 2008 figures are based on estimates.

Source: Assuralia 2008 and 2009

The Belgian individual life insurance market accounts for 78.9% of life insurance gross written premiums generated by insurance companies in 2008 and group life insurance products accounted for 21.1%. Despite the decrease in gross written premiums in the Belgian life insurance market in 2008, group-life insurance has continued to see gross written premiums rise in both absolute and relative terms in 2008 as more businesses have set up company schemes and whole industrial sectors have introduced occupational retirement schemes in collective bargaining agreements with trade unions. The demand for unit-linked life insurance products declined in Belgium in recent years compared to traditional life insurance products as markets began to decline and lower returns were passed on to policyholders. The contribution of unit-linked life insurance gross written premiums to total life insurance gross written premiums decreased from 20.0% in 2006 to 11.1% in 2008. (Source: Assuralia 2009)

Competitive landscape

The five largest life insurance companies had a combined market share of 78.8% in 2007. The Group's market share (including Swiss Life Belgium) in the Belgian life insurance market was 3.5% in 2007.

The table below shows the market shares of the key players in the life insurance market in 2007.

No.	Company	Market share (%)
1.	AG insurance	28.4
2.	AXA/Winterthur	14.3
3.	Ethias	12.7
4.	Dexia	11.9
5.	KBC	11.5
6.	ING Belgium	4.7
7.	Delta Lloyd Group ⁽¹⁾	3.5
8.	P&V	3.2
9.	Allianz	3.1
10.	Generali	1.7
11.	Others	5.0

(1) Including Swiss Life Belgium.
Source: Assuralia 2008

Distribution channels

As shown in the schedule below, the main distribution channel in the Belgian life insurance market is the bancassurance channel, especially for unit-linked insurance products.

The table below shows the market shares of the distribution channels in the life insurance market in 2007.

Distribution channel	Market share (%)
Bancassurance	42.7
Intermediaries	33.5
Direct	19.7
Others	4.1

Source: Assuralia 2008

Industry trends and developments

- *Changing demographics:* The Belgian population is ageing with the population over working age (> 65 years) representing 17.1% of the total population in 2008. In 2050, this age group is expected to increase to 25.7%. The proportion of the working age population is expected to decrease from 59.9% in 2008 to 53.1% in 2050. As the over-65 population of Belgium grows in absolute numbers as well as relative to the working age population, the Belgian state pension system will face increasing demands which it may not be able to meet. In the face of perceived increases in state pension risk, potential state pension beneficiaries are expected increasingly to seek tax efficient savings products and estate planning products from the private sector. (Source: Algemene Directie Statistiek)
- *Increase in savings in bank deposits:* Households in Belgium traditionally have large amounts saved in bank deposits. Bank deposits have increased over the recent period due to deteriorating equity markets reaching a record level of savings of EUR 172,539 million in July 2009 mainly due to a decrease in life insurance products. (Source: NBB)
- *Large availability of capital payments:* Group insurance policies typically provide lump sum payments at the expiration of the policy and many people from the baby boom generation will receive such lump sum payments in the next 15 years. It is expected that these lump sums will be used to purchase life annuities once available, thereby increasing the individual policies sold.

- *Cut back civil servant pension:* As fewer Belgian civil servants will be entitled to the present generous state pension as the government is cutting back on these entitlements, the private life insurance market for civil servants that do not qualify for a civil servant state pension is expected to expand.

General insurance industry

Size and products

The Belgian general insurance market is the ninth largest in Europe measured by gross written premiums and accounts for 2.3% of the European general insurance market. (Source: Swiss Re 2009)

The table below shows the breakdown of general insurance gross written premiums for 2006-2008 by product category.

	Accident & Health		Motor		Fire		Other ⁽²⁾		Total	
Year	EUR million	% Total	EUR million	% Total	EUR million	% Total	EUR million	% Total	EUR million	% Growth
2006	2,409	26.4	3,034	33.3	1,969	21.6	1,696	18.6	9,108	3.4
2007	2,551	26.8	3,089	32.4	2,126	22.3	1,768	18.5	9,535	4.7
2008 ⁽¹⁾	2,669	27.2	3,142	32.0	2,187	22.3	1,826	18.6	9,823	3.0

(1) 2008 figures are based on estimates.

(2) Other gross written premiums relates to transport, credit, financial losses, legal aid and relief, of which legal aid contributes the most.
Source: Assuralia 2008 and 2009

Competitive landscape

The top five general insurance companies had a combined market share of 67.6% in 2007. The market share of the Group (including Zelia) was 0.6% in 2007. (Source: Assuralia 2008)

Distribution channels

In the general insurance market, distribution predominantly takes place via intermediaries although in recent years, direct distribution has become more prevalent. In the private segment of the general insurance market, distribution mainly takes place via tied agents and bancassurance, and in the commercial segment the main distribution channels are the megabrokers and direct distribution.

The table below shows the market shares of the distribution channels in the general insurance market in 2007.

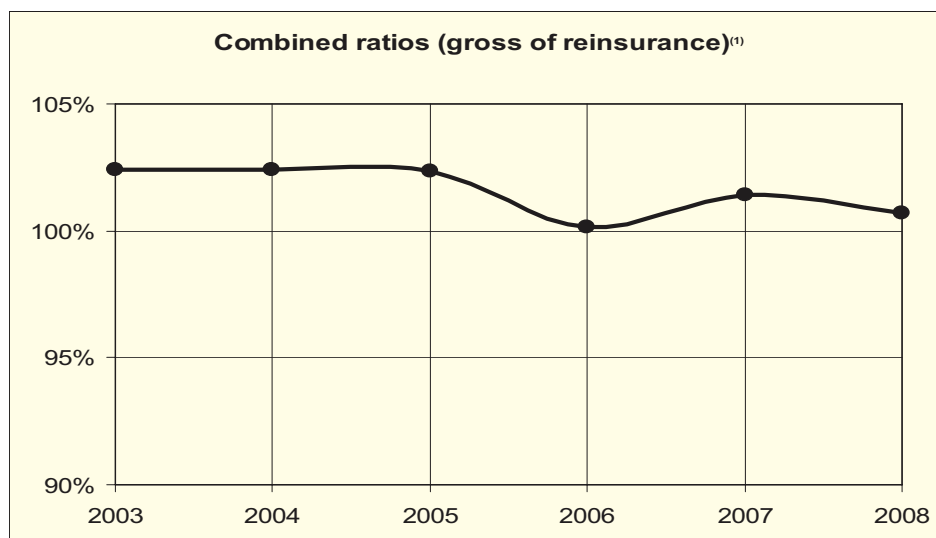
Distribution channel	Market share (%)
Intermediaries	64
Direct	20
Bancassurance	6
Others	10

Source: Assuralia 2008

Industry trends and developments

- *Combined ratio:* General insurance business in Belgium has not been profitable in recent years. However, since 2005 the situation has been improving although the combined ratio remained over 100%. (Source: CBFA 2008) Profitability in lines such as fire insurance has been offset by losses in other lines such as liability insurance. Increasing competition and increasing claims have negatively impacted profitability. (Source: Assuralia 2008)

The graph below shows the development of the combined ratio in Belgium from 2003 to 2008.



(1) Ratios include claims (loss ratio) and expenses (expense ratio) compared to premium income. Ratios exclude investment returns and are gross of reinsurance. Source: Towers Perrin analysis based on CBFA and Assuralia information 2003-2007

Belgian Banking Industry

Introduction

The aggregate balance sheet of the Belgian banks amounted to EUR 1,277 billion at 31 December 2008, making Belgium the seventh largest banking market in Europe by total assets.

The table below shows the total balance sheet of Belgian banks for 2006-2008.

Year	EUR billion
2006	1,124
2007	1,301
2008	1,277

Source: ECB

Mortgage loans and opening of credits constitute a large part of the asset structure of Belgian banks, representing 28.9% and 46.9% of their loan books, respectively. The size of the opening of credits can partly be explained by the so-called “stock-effect”. Almost all openings of credits are entered into for an indefinite period of time and are only dropped in the event of the termination of the contract. (Source: NBB 2008)

Residential mortgages

At the end of 2007, outstanding residential mortgage lending in Belgium amounted to EUR 121,831 million compared to EUR 114,000 million by the end of 2006. The average amount of mortgage loans had increased by almost 53% since 2000. Mortgage lending grew by 22% in 2006, due to strong consumer confidence and low interest rates. In 2007 however, the growth in mortgage loans slowed to 9.8%, and in 2008 decreased by 6%. (Source: European Mortgage Federation 2008)

The average price of a house in Belgium was EUR 126,176 in 2007 compared to EUR 73,601 in 2000, an increase of 71%. Prices were roughly flat in 2008, but are expected to fall by 5% to 10% in 2009. The absolute level of Belgian house prices is moderate compared to other countries.

The Belgian housing market is characterised by one of the highest ownership rates in Europe (76% in 2008) which is the second highest after Spain. Demand is supported by steady population growth, partly through immigration which includes EU civil servants and related

persons who have settled in Brussels. Furthermore, Belgians are less indebted than some other European populations, with personal borrowing to GDP below the EU average. Belgium has a low level of outstanding mortgage loans as a percentage of GDP (36.8% in 2007) compared to the average percentage in Europe (50.1% in 2007). In addition, Belgium has historically had one of the highest household saving rates. Loan to value ratios have generally remained below 100%, even for new loans. Mortgage loans are generally fixed rate, with fixed rate mortgage loans having a market share of over 85.0% in 2007. The market share of variable rate mortgage loans fell from 50% in 2004 to 1.2% in 2007. Current interest rates however strongly encourage variable rates. It is therefore expected that the level of fixed rate mortgage loans will drop. (Source: European Mortgage Federation 2008, Economist Intelligence Unit 2009 and Fitch Ratings 2009)

Consumer deposits and savings

In July 2009, consumer deposits and savings totalled EUR 172,539 million. In Belgium, household deposits have been rising slowly in recent years. There has been a notable switch from deposits with fixed maturity terms to deposits that can be withdrawn with a notice period of approximately three months. The financial turmoil in 2008 has caused consumers to turn towards bank deposits rather than investing in capital markets but it is expected that bank deposits will nevertheless fall in 2009 as a result of increasing unemployment and low interest rates on deposits. (Source: Economist Intelligence Unit 2009 and NBB)

Competitive landscape

The Belgian banking market is highly concentrated and has been dominated by Belgian banks which would be considered medium-sized on a European scale, namely BNP Paribas Fortis, Dexia, KBC and ING Belgium. It is anticipated that the dominance of the four major Belgian banks will persist in the foreseeable future. The remaining banks in the Belgian banking market include, among others, the Group, Argenta, Deutsche Bank, Bank J. Van Breda & C^o and Landbouwkrediet. The high concentration of the Belgian banking industry has led to intense competition in recent years in this mature and low growth market. (Source: Moody's 2009)

Industry trends and developments

- *Search for diversified funding structure and alternative sources of liquidity:* See “– Belgium – Belgian –Insurance Industry – Life insurance industry”. The increase of savings in bank deposits is also in line with the increase in demand for simple products. The increase has led to fierce competition between banks to obtain these deposits resulting in higher current and saving rates and the launch of new products with more competitive interest rates. The banks wish to improve their funding position by bolstering their deposit bases as there are presently limited funds available for mortgage loans other than bank deposits. (Source: Moody's 2009)
- *Internet:* Customers increasingly use the internet for information and transactional banking, while purchasing products remains primarily a face-to-face business.
- *Banking secrecy and tax harmonisation:* In the long term, changes to bank secrecy laws and EU tax law harmonisation may also result in changes to the current favourable legislation and thereby adversely affect the current positions of Belgian (and Luxembourgian) banks in wealth management, private banking, custody, fund administration and domiciliation services. Although international pressure to relax banking secrecy laws has been growing over the past year, it is expected that changes will be gradual giving Belgian (and especially Luxembourgian) banks time to adapt and develop alternative solutions. (Source: Moody's 2009)

GERMANY

German Economy – Recent Economic Downturn

The German economy, like most other economies, has been adversely affected by the recent economic downturn with a decline in GDP of 4.5% in the first half of 2009 (based on value at constant prices, seasonally adjusted). (Source: Statistisches Bundesamt Deutschland)

In addition to the GDP decline, significant difficulties in the German financial services industry were experienced during the recent economic downturn, compelling the German Federal State to put a framework in place for ensuring the continued liquidity and solvency of the German financial system in October 2008 backed by EUR 500 billion in capital and loan guarantees. Efforts are currently focused on removing toxic assets from banks' balance sheets with relevant legislation having been passed by the German Parliament in July 2009. This new legislation focuses on the needs of commercial banks and state banks or *Landesbanken*.

German Life Insurance Industry

The German life insurance market is the third largest in Europe measured by gross written premiums and accounted for 10.6% of the European life insurance market. (Source: Swiss Re 2009)

Size and products

The table below shows the breakdown of life insurance gross written premiums for 2006-2008 by product category.

	Individual		Group		Total
Year	EUR million	% Total	EUR million	% Total	EUR million
2006	65,543	87.5	9,329	12.5	74,872
2007	65,463	86.8	9,971	13.2	75,434
2008	66,514	87.2	9,779	12.8	76,293

	Unit-linked		Traditional		Total
Year	EUR million	% Total	EUR million	% Total	EUR million
2006	9,182	12.3	65,690	87.7	74,872
2007	10,478	13.9	64,956	86.1	75,434
2008	11,466	15.0	64,827	85.0	76,293

	Single		Annual		Total
Year	EUR million	% Total	EUR million	% Total	EUR million
2006	11,747	15.7	63,125	84.3	74,872
2007	12,089	16.0	63,345	84.0	75,434
2008	12,602	16.5	63,691	83.5	76,293

Source: GDV 2009

Competitive landscape

As shown in the table below, the top ten market participants had a combined market share of approximately 65% in 2007.

The table below shows the market shares of the key players in the life insurance market in 2007.

No.	Company	Market share (%)
1.	Allianz	17.0
2.	Generali	11.5
3.	ERGO	7.7
4.	Talanx	5.9
5.	Zurich	4.8
6.	R+V Versicherung	4.7
7.	AXA	4.5
8.	Debeka	3.6
9.	Wuestenrot & Wuerttembergische	3.0
10.	Nürnberger	2.6
11.	Others	34.7

Source: MAP-Report 2007

Distribution channels

In Germany, most life insurance productions are distributed via intermediaries, tied agents and bancassurance. As shown in the table below, these distribution channels have a combined market share of around 91%.

The table below shows the market shares of the distribution channels in the life insurance market in 2007.

Distribution channel	Market share (%)
Intermediaries	35.5
Others	31.7 ⁽¹⁾
Bancassurance	27.9
Direct	4.9

(1) The market share of tied agents was 28.1%.
Source: Towers Perrin 2008

Industry trends and developments

- *Changing demographics:* The German population is ageing with the population over working age (> 65 years) representing 20.1% of the total population in 2008. In 2050, this age group is expected to increase to 32.5%. The proportion of the working age population is expected to decrease from 60.5% in 2008 to 52.3% in 2050. As the over-65 population of Germany grows in absolute numbers as well as relative to the working age population, the German state pension system will face increasing demands which it may not be able to meet. In the face of perceived increases in state pension risk, potential state pension beneficiaries are expected increasingly to seek tax efficient savings products and estate planning products from the private sector. (Source: Statistisches Bundesamt Deutschland and Eurostat)
- *Amended version of the German insurance contract law:* The introduction of an amended version of the German insurance contract law (*Versicherungsvertragsgesetz*) which came into effect as of 1 January 2008 posed a challenge for German life insurance companies. The law aims to strengthen consumer protection and enhance transparency. As a result, life insurers are obliged to broaden reporting and information requirements with regard to potential policyholders and their application process. Life insurance companies also have to allocate surplus reserves (up to approximately 50% in the form of surplus sharing) to policyholders in case of lapses. In addition, the new legislation provides more rights to policyholders with respect to cancellation and information obligations. These modifications require more from the sales forces and internal systems and they also significantly alter the financial calculations and reporting of capital investments and Solvency II requirements.

OVERVIEW

The Group is a financial services provider offering life insurance, general insurance, fund management and banking products and services with its targeted markets being the Netherlands and Belgium. In 2008, the Group recorded gross written premiums of EUR 5,911 million. In the Netherlands, the Group was the fifth largest provider of life insurance by gross written premiums (third in group life and fifth in individual life), and the fourth largest provider of general insurance by gross written premiums (excluding health insurance) in 2007 (source: AM Jaarboek 2008). The Group's Dutch operations accounted for 77% of its total income for the year ended 31 December 2008 and the Belgian operations accounted for 14% of total income for the same period. The Group also has operations in Germany (9% of total income for the year ended 2008). The Group is considering its strategic options in Germany, which may include a sale. As at 30 June 2009, the Group had EUR 66.3 billion of assets under management, including EUR 34.6 billion managed by the Group's fund management business line, and EUR 31.7 billion managed by divisions under other business lines (including EUR 13.8 billion in mortgage loans).

The Group employs a multi-brand, multi-channel strategy in the Netherlands in order to position itself advantageously in different distribution channels and customer and pricing segments in the insurance market. The primary differences among the Group's three principal Dutch brands (Delta Lloyd, ABN AMRO Insurance and OHRA) result from the positioning, pricing, marketing and distribution of their products. Through the Delta Lloyd brand, the Group targets retail and commercial customers in the middle to premium range of the life and general insurance markets, distributing primarily through independent intermediaries, which include IFAs, underwriting agents (*volmacht*, with respect to general insurance), actuarial consulting firms (with respect to group life insurance) and brokers (together, **Intermediaries**). Through the ABN AMRO Insurance brand, the Group generally targets individuals, but has some group and commercial customers, in the middle range of the life and general insurance markets, leveraging the distribution network of ABN AMRO Bank's Bancassurance channel. Through the OHRA brand, the Group offers commodity products in the life and general insurance markets, distributing primarily through direct channels such as call centres and the internet. In Belgium and Germany, the Group distributes its insurance products through Intermediaries and tied agents (agents which sell only products of the Group). In Belgium, the Group also distributes through its own network of bank branches.

The Group has extensive distribution networks with large customer bases in the Netherlands and Belgium, which it believes will provide the platform for the Group to continue to grow in those mature markets. In addition, the Group has maintained a strong capital position through the recent economic downturn. The Group seeks to grow through a combination of organic growth and targeted acquisitions.

The tables below show the breakdown of gross written premiums, net operational result and net result by business line for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

Six months ended 30 June						
	2009			2008		
	Gross written premiums	Net op. result ⁽¹⁾	Net result	Gross written premiums	Net op. result ⁽¹⁾	Net result
(EUR million)						
Life Insurance	1,937	129	236	2,722	108	4
General Insurance	830	40	2	790	36	11
Fund Management	—	6	6	—	8	8
Banking	—	4	-2	—	-5	1
Other ⁽²⁾	—	-20	-15	—	-53	-46
Total	2,767	159	227	3,512	95	-22

Year ended 31 December									
	2008			2007			2006		
	Gross written premiums	Net op. result ⁽¹⁾	Net result	Gross written premiums	Net op. result ⁽¹⁾	Net result	Gross written premiums	Net op. result ⁽¹⁾	Net result
(EUR million)									
Life Insurance	4,533	256	25	4,054	285	586	3,146	262	664
General Insurance	1,378	98	4	1,251	176	171	1,167	151	138
Fund Management	—	9	10	—	25	26	—	41	42
Banking	—	-13	-114	—	1	8	—	14	20
Other ⁽²⁾	—	-47	-78	—	-41	-5	—	-115	-105
Total	5,911	303	-153	5,305	446	787	4,312	354	759

(1) Operational result as presented by the Group is a non-GAAP financial measure and is not a measure of financial performance under IFRS. For a description of the Group's definition of operational result and a reconciliation of operational result to result before tax under IFRS, see "Operating and Financial Review – Operational Result". Net operational result is operational result after tax and minority interests.

(2) Other includes Group central costs and support services, as well as Amstelhuys (which is not consolidated with the Group's banking business line), together with any consolidation and elimination items. Also includes gains from the sale of CZ during the six months ended 30 June 2009.

The Group's core business lines are the following:

- **Life Insurance:** The Group's life insurance operations are its primary business and accounted for 72% of the Group's net operational result for the six months ended 30 June 2009 and 73% for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result"). The Group offers, through its multiple brands, a range of products from commodity insurance products to tailor-made and often sophisticated insurance products, as well as commodity savings and financial planning services. Its core life insurance products include pension (in particular group pension) products and administration services for group customers and traditional and unit-linked life insurance and savings products for individual customers. The Group offers individual and group life insurance in the Netherlands principally under the Delta Lloyd, ABN AMRO Insurance and OHRA brands, utilising different customer and pricing strategies through Intermediaries (Delta Lloyd), Bancassurance (ABN AMRO Insurance) and direct (OHRA) distribution channels. In Belgium, the Group sells individual and group life insurance primarily under the Delta Lloyd Life brand, distributed through the Group's own network of bank branches and tied agents, as well as through Intermediaries. In Germany, the Group sells individual and group life insurance primarily under the Delta Lloyd brand, distributed through Intermediaries and, increasingly,

tied agents. Life insurance generated EUR 1,937 million in gross written premiums in the six months ended 30 June 2009 and EUR 4,533 million in gross written premiums in the year ended 31 December 2008.

- **General Insurance:** The Group's general insurance operations accounted for 22% of the Group's net operational result for the six months ended 30 June 2009 and 28% for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result"). The Group offers a broad range of general insurance products, principally in the Netherlands, including products such as motor, fire, liability, income and absenteeism and marine/pleasure craft insurance policies. The Group's general insurance products are distributed to both private and commercial customers in the Netherlands under the Group's three principal brands using distribution channels similar to those used for its life insurance operations. Following the sale of the Group's Dutch health insurance business to CZ (with effect from 1 January 2009), the Group acts as a distributor of certain health insurance products underwritten by CZ which are sold under the Delta Lloyd and OHRA brands, for which the Group receives fees and commissions. In Belgium certain general insurance products (motor, liability and fire) are also offered through the Zelia brand. The Group does not offer its own general insurance products in Germany, but distributes insurance underwritten by third parties. General insurance generated EUR 830 million in gross written premiums in the six months ended 30 June 2009 and EUR 1,378 million in gross written premiums in the year ended 31 December 2008.
- **Fund Management:** Delta Lloyd Asset Management N.V. (**Delta Lloyd Asset Management**) constitutes the Group's fund management business line, and accounted for 4% of the Group's net operational result for the six months ended 30 June 2009 and 3% for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result"). The fund management business line's product offerings include a range of third party investor funds for institutional and retail customers and discretionary mandates for institutional customers. The Group's fund management business line managed 77% of the Group's own risk assets as at 30 June 2009, as well as third party institutional and retail assets. Certain other business lines of the Group also manage assets which are accounted for in those business lines. Delta Lloyd Asset Management has an advisory role for the assets managed by the other business lines. The fund management business line's total assets under management were EUR 34.6 billion as at 30 June 2009, of which EUR 12.0 billion were managed for third parties, and EUR 37.3 billion as at 31 December 2008, of which EUR 11.3 billion were managed for third parties.
- **Banking:** The Group's banking business line accounted for 2% of the Group's net operational result for the six months ended 30 June 2009 and had a negative contribution to the Group's net operational result for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result"). The Group's banking business line offers a range of banking products and services in the Netherlands and Belgium. Its banking products and services in the Netherlands primarily include mortgage loans, as well as savings and *bancaire lijfrente* distributed through Intermediaries and direct channels. In the Netherlands, the Group uses Amstelhuys N.V. (**Amstelhuys**) (a wholly-owned subsidiary of the Company which is not included in the banking business line) as originator of most of its residential mortgage loans and as a funding vehicle. In Belgium, the Group offers retail, private and commercial banking services through its own network of 93 branches, as well as through 157 tied agents and direct channels. The Group also has a small private bank in Germany. The banking loan portfolio of the Group's banking business line (which does not include Amstelhuys) as at 30 June 2009 was EUR 7,098 million, of which EUR 4,813 million were mortgage loans. The mortgage loan portfolio of Amstelhuys was EUR 6,360 million as at 30 June 2009, of which EUR 5,383 million was securitised.

Divisions and Products

From an operational perspective, the Group manages its businesses through seven divisions:

- **Delta Lloyd Insurance** provides Delta Lloyd brand life insurance and general insurance in the Netherlands;
- **OHRA** provides principally OHRA brand life insurance and general insurance in the Netherlands;
- **ABN AMRO Insurance** provides principally ABN AMRO brand life insurance and general insurance in the Netherlands;
- **Delta Lloyd Asset Management** is responsible for managing the majority of the Group's own risk portfolio, and also undertakes fund management for third parties;
- **Delta Lloyd Banking** provides banking products and services, principally mortgage products and services in the Netherlands and Belgium;
- **Delta Lloyd Belgium** provides principally life insurance and general insurance in Belgium; and
- **Delta Lloyd Germany** provides principally life insurance in Germany.

The table below shows the geographical markets and distribution channels of the Group's business from a divisional point of view and how these divisions correlate with the Group's four core business lines, which each represent a reporting segment in the financial statements:

Division	Geographical market	Business Line(s)	Distribution channel
Delta Lloyd Insurance	The Netherlands	Life Insurance, General Insurance	Intermediaries
ABN AMRO Insurance	The Netherlands	Life Insurance, General Insurance	Bancassurance, Intermediaries
OHRA ⁽¹⁾	The Netherlands	Life Insurance, General Insurance	Direct
Delta Lloyd Asset Management	The Netherlands, Belgium, Germany	Fund Management	Retail: distributed by banks (not exclusive) Institutional: dedicated sales force
Delta Lloyd Banking	The Netherlands	Banking	Intermediaries, direct
	Belgium	Banking	Branches, tied agents, direct
Delta Lloyd Belgium	Belgium	Life Insurance, General Insurance	Intermediaries, Bancassurance, tied agents
Delta Lloyd Germany	Germany	Life Insurance	Intermediaries, tied agents

(1) Including PSB, which is responsible for the Group's shared back office functions for certain general insurance products.

To improve profitability across business lines, the Group has been implementing a Group-wide sharing programme to create a single back office for each business line for its various brands and distribution channels, with the aim of reducing per product costs, creating economies of scale and enhancing efficiency.

In late 2008, under the Group's updated organisational structure, the back offices for certain private general insurance commodity products were integrated with the product development, pricing and risk-bearing activities into one centralised shared insurer (Delta Lloyd Groep Particuliere Schadeverzekeringen N.V., or **PSB**). The sharing programme has also resulted in the merger of several local IT departments into one centralised Group IT department, the merger of the income and absenteeism business of the Group's brands into one centralised shared insurer and the creation of the Pensions Knowledge Centre, which brings together the interdisciplinary expertise of Delta Lloyd and ABN AMRO Insurance in the pensions area.

STRENGTHS

The Group believes that it has the following strengths:

Core Customer Focus on the Netherlands and Belgium

- *Broad distribution network allows access to more than seven million potential customers*

In the Netherlands, the Group's multi-brand, multi-channel strategy permits it to distribute its insurance and other financial services products to a broad range of existing and potential customers. Delta Lloyd brand products are distributed primarily through Intermediaries, while ABN AMRO Insurance brand products are distributed mainly through ABN AMRO Bank's Bancassurance channel and OHRA brand products are distributed primarily through direct channels. By positioning its brands in different market segments, the Group has the flexibility to offer both complex and commodity insurance products. Through these different distribution networks, the Group has access to approximately six million existing and potential customers in the Netherlands, including approximately four million existing customers of ABN AMRO Bank.

In Belgium, the Group's other targeted market, its multi-channel strategy, which utilises a combination of Intermediaries, tied agents and its nationwide bank branch network, gives the Group access to approximately one million customers.

The Group believes that its distribution network represents a significant strength, allowing the Group to efficiently target the specific needs and pricing concerns of diverse groups of customers through the distribution channel of their choice.

- *Diverse product mix including growth areas*

The Group offers a diverse mix of products and services, from commodity insurance products to tailor-made and often sophisticated insurance products, as well as those that are complementary to typical insurance products, such as fund management services. The diversity of its product mix and the expertise it has developed in connection therewith enables the Group to adapt and respond to changing customer preferences. In particular, as changes in tax laws and recent low returns on unit-linked policies have made individual life insurance products less attractive to customers, the Group's sales of *bancaire lijfrente* have grown. In addition, the Group has strengthened its position in group pensions as more pension funds transfer liabilities to the insurance market. The Group believes that by offering a wide-ranging mix of products and services the Group can address most of the insurance-related needs of its existing and potential customers and position itself for growth opportunities in the mature markets in which it operates.

- *Strong brand recognition and reputation*

Because of its longstanding presence in the market and focus on customer satisfaction, the Group's Delta Lloyd brand is one of the best known insurance brands in the Netherlands with a brand awareness of 87%, and customers associate the brand with professionalism and reliability (source: Marketresponse brand tracker Q2 2009). The ABN AMRO Insurance and OHRA brands also have strong reputations, the former being viewed as business-like and professional (source: TNS NIPO Brand and Campaign Track, 2009) while the latter is viewed as professional while offering value for money (source: Marketresponse brand tracker Q2 2009).

Although the Group's increased presence there is relatively recent, it has already established a strong position in Belgium with brand recognition of 86% in 2009 (source: Mindtrack, 2009). The Group attributes this success to the Group's reputation, including the reputation of the brands the Group has acquired, and high street presence of its bank branches.

The Group believes that its strong brands both reflect and underpin its relationship with Intermediaries and direct customers, supporting customer retention and new business efforts.

Financial Strength; Strong Risk Management

- *Strong capital position*

During the recent economic downturn, the Group maintained a strong capital position relative to its market competitors in the Netherlands and comparable companies in Europe. Of the six largest insurance companies in the Netherlands in terms of market share, the Group is the only one that has not required government or shareholder financial support. In addition, the Group's regulatory solvency ratio amounted to 138% as at 31 December 2008 and 185% as at 30 June 2009. The Group believes that its strong capital position makes it particularly attractive to Intermediaries and direct customers who value the Group's consistency and view it as a reliable long-term provider of insurance and financial products and services.

The Group's capital position benefits from the fact that approximately 90% of the Group's shareholders' equity as at 30 June 2009 was net tangible equity.

- *Risk management capability*

The Group believes that its strong financial position during the recent economic downturn is due principally to its risk management expertise, which has enabled it to maintain its ratings, meet its obligations towards its creditors (including customers) and comply with applicable legislative and regulatory requirements. Risk management policies provide for frequent monitoring, early identification and prudent management of risks, staying within parameters which the Group sets according to its projected risk tolerance. The Group's risk management operations include a dynamic hedging programme for equity exposures that limits the downside risk for the Group while retaining the upside potential.

- *Investment management expertise*

The Group's expertise in fund management has contributed to its overall financial strength, which is in part dependent upon the quality and performance of the Group's various investment portfolios. During the market volatility associated with the recent economic downturn, substantially all of the Group's managed funds outperformed their respective benchmarks, to the extent available. In addition, the Group's managed funds have generally outperformed their respective benchmarks, to the extent available, for the five year period since 2004.

Record of Cost Savings

- *Cost reductions and sharing programme*

In 2009, the Group implemented cost reductions, instituting a hiring freeze, reducing FTEs and external staff, eliminating all management bonuses in 2009 (based on 2008 performance) and decreasing expenses associated with ICT, office equipment and supplies and consulting services. In the six months ended 30 June 2009, the cost savings plan has had a positive effect on the Group's normalised cost base (EUR 481 million, including the Swiss Life Belgium acquisition expenses), representing cost savings of 8% compared to the six months ended 30 June 2008. See "Operating and Financial Review – Key Factors Affecting Result of Operations – Efficiency and Cost Reduction Initiatives – Cost reduction programme". The reduction in FTEs in order to save costs began in 2007. Between 31 December 2006 and 30 June 2009, despite adding 601 new FTEs through the acquisitions of Swiss Life Belgium, Erasmus and Cyrte, the Group nonetheless reduced its overall number of FTEs from 6,446 to 6,309, while the number of external (temporary) staff employed fell from 948 to 603 over the same period.

The Group has also reduced costs through the implementation of the initial phases of a Group-wide sharing programme to create a single back office for each business line for its various brands and distribution channels. To date, the sharing programme has resulted in the merger of the divisional IT departments into one centralised Group IT department, the merger of the private general insurance business of most of the Group's brands into one centralised shared insurer (PSB), the merger of the income and absenteeism business of the

Group's brands into one centralised shared insurer and the creation of the Pensions Knowledge Centre, which brings together the interdisciplinary expertise of Delta Lloyd and ABN AMRO Insurance in the pensions area.

Leading Market Positions; Well-Placed for Consolidation

- *Market position in the Netherlands*

The Group has leading market positions in the sales of several of the products that it offers in the Netherlands. In 2008, it ranked first in term life insurance and in 2007, it ranked third in group pensions, as well as third in engineering and fourth in both agriculture and marine general insurance markets, in each case based on gross written premiums (source: TOF 2007 & 2008, AM Jaarboek 2008, AM March 2009). In addition, in 2008, the Group had a market share of 21% in the Netherlands for pleasure craft insurance based on gross written premiums (source: CVS, 2009)

- *Growth in targeted markets*

Although the Netherlands and Belgium are each characterised by a relatively saturated market for traditional insurance products, as well as an ageing demographic, the Group has a proven track record of growth in these insurance markets. The Group believes this growth is linked to the diversification of its products and services, as well as the expansion of its distribution channels to reach increasing numbers of potential customers. The Group experienced a CAGR of 9.9% in gross written premiums (excluding health insurance) between 1999 and 2008, a significantly higher growth rate than for the Dutch insurance market as a whole, which grew at a CAGR of 3.1% (source: AM Jaarboek 2001 and Dutch Association of Insurers 2009). In Belgium, the Group has grown significantly in recent years, doubling its life insurance market share through the acquisition of Swiss Life Belgium, and became the seventh largest life insurance company in Belgium in 2007 based on gross written premiums (including Swiss Life Belgium) (source: CBFA, 2008).

- *Track record of successful mergers and acquisitions, and attractively positioned for future consolidation opportunities*

In the past ten years, the Group has pursued a series of strategic acquisitions and alliances designed to strengthen or complement its existing operations, transforming it into a leading multi-brand, multi-channel insurance company in the Netherlands, and a rapidly growing life insurer in Belgium. Through the acquisition of OHRA in 1999, the Group gained access to existing direct distribution capabilities. As a result of the joint venture with ABN AMRO Bank, the Group gained exclusive access to the Bancassurance distribution network of ABN AMRO Bank in the Netherlands. Through the acquisition of Swiss Life Belgium, the Group doubled its market share in Belgium and increased its product offerings in Belgium. The Group believes that its successful experiences with selective acquisitions and alliances, capital strength and market presence have positioned the Group to take advantage of future consolidation opportunities which present the possibility for synergies.

Commitment to Responsible Behaviour; Commitment to Customers

The Group prides itself on its responsible corporate behaviour and commitment to customers, because it believes that this enhances the Group's reputation, promotes the trust of customers and ultimately translates into increased business. For example, in September 2008, the Group became the first Dutch insurer to reach an out-of-court settlement with consumer organisations after they challenged certain terms of individual unit-linked policies. In addition, the Group complies with the UN Global Compact guidelines and was the first fund manager in the Netherlands of sustainable investments. The Group also created the Delta Lloyd Groep Foundation in January 2008, which actively supports financial awareness and self-reliance among certain social segments in the Netherlands.

STRATEGY

The Group's goal is to be recognised as the most reliable and highly regarded insurer and financial services provider in its targeted markets, offering customers security through risk assurance, income protection and wealth creation. In the medium term, the Group aims to become one of the three largest insurance companies in the Dutch market and one of the five largest insurance companies in the Belgian market. The Group's strategy to achieve these aims emphasises leveraging its broad distribution platform and strong brand and product offerings to increase market share, pursuing a continuous effort to improve cost efficiency and enhance profitability, and using its strong financial position to take advantage of acquisition opportunities as they arise. The Group's strategy has been developed using rigorous "scenario-based" planning exercises, in which the Group tests its business lines against extreme scenarios at five-year intervals. The Group believes that its strategy will be successful in enhancing shareholder value and enabling the Group to deliver long-term benefits to all of its stakeholders: customers, shareholders, distribution partners, employees, suppliers and the community at large. Clear and specific financial targets have been set in order to help the Group measure its progress. These targets are set out later in this section.

"The Future Secured"

The Group's overall strategy is built around "the future secured" strategy, which consists of five pillars: reputation, distribution power, expertise, efficiency and core values. The Group and its employees are guided by its core values of integrity, customer focus, responsibility and commitment, team spirit, open communication, flexibility and entrepreneurship when implementing the Group's strategies. The Group's key strategic goals are as follows:

Leveraging the Group's strong *reputation* to develop long-term customer relationships as their insurance and financial services needs evolve

The Group intends to capitalise on its strong brand awareness and reputation, by developing long-term customer relationships and continuing to provide products and services structured to meet the differing needs of its customers over their lifetimes. The Group believes that long-term customer relationships provide continued opportunities to sell additional products and services to its diverse customer base and provide opportunities for growth.

Expanding the customer base by further developing the *distribution power* of the Group and pursuing targeted acquisition and merger opportunities while continuing to focus on profitable products

The Group intends to focus on expanding its customer base in the mature markets in the Netherlands and Belgium by further developing its multi-brand, multi-channel distribution network. Consequently, the Group expects to devote increased resources to the development of its direct distribution channel and Bancassurance, in particular its ability to provide insurance products over the internet, which it believes to be a key driver in attracting new customers and reducing costs.

The Group believes that there will be consolidation within the Group's targeted markets and that the Group could also expand its customer base in the near- to medium-term by pursuing mergers and/or acquisitions if strategic opportunities arise.

Although the Group intends to expand its customer base both organically and through acquisitions, it will continue to focus on offering profitable products as part of meeting its financial targets. See "Financial and operational objectives" below.

Drawing on *expertise* to offer products and services which capitalise on market trends

Because of its wide coverage of the Dutch and Belgian insurance markets through varied distribution channels, the Group believes that it is well-placed to gauge developing consumer preferences and market trends and introduce new timely products and services. The Group intends to capitalise on developing trends, as it did when it became one of the first to offer

bancaire lijfrente and mortgage products adapting to recent changes in tax laws, as well as when it underwrote offshore wind farms.

In addition, the Group plans to expand its focus on premium and innovative products, such as group pensions for large enterprises, as well as specific product groups in its general insurance business line, including engineering and pleasure crafts. The Group also plans to increase the number of simple commodity products offered through the general insurance business line and to continue to promote *bancaire lijfrente* and similar products as alternatives to individual life insurance products that are less in demand.

When pricing its products and services, the Group intends to leverage its demonstrated expertise in actuarial risk management and fund management, employing strategic modelling of real world scenarios in conjunction with sound risk management policies. This applies in particular to the group pension market, as the Group is one of the few insurers in the Netherlands with the expertise and capital base to profitably take on liabilities transferred by pension funds.

Streamlining operations to reduce costs and improve efficiency

The Group is in the process of implementing a Group-wide sharing programme to create a single back office for each business line for its various brands and distribution channels, with the aim of reducing per product costs, creating economies of scale and enhancing efficiency. The Group expects the sharing programme to reduce costs, while further strengthening the Group's high level of customer service. In addition, the Group intends to expand its use of "straight through" servicing, which reduces administrative costs as client advisers or customers input the initial data for policies directly over the internet.

The Group is also in the process of assessing its organisational structure to further enhance its efficiency.

Capital and profitability objectives

The following are the Group's key current capital and profitability objectives:

Insurance divisions:

- Insurance divisions (Delta Lloyd Insurance, OHRA and ABN AMRO Insurance) to maintain regulatory solvency ratios of at least 175%.
- Principal operating subsidiaries (Delta Lloyd Levensverzekering and Delta Lloyd Schadeverzekering) to maintain levels of capital consistent with a Standard & Poor's rating of AA so that the Company can obtain a Standard & Poor's rating of at least A-.
- New business margin of at least 2% over the medium term for the life insurance business line as a whole, with targets differentiated by product lines and markets.
- Combined ratio of no more than 98% for the general insurance business line across the cycle (see "[Industry Overview — The Netherlands — General insurance industry — Industry trends and developments — Combined ratio-softening Market](#)").

Banking division:

- BIS Ratio of 12.0% and Tier 1 Ratio of 10.5%.
- Return on equity of 10%.

Group:

- Return on equity of 10%.

HISTORY

The Group's history dates back to 1807. In that year, the Hollandsche Societeit van Levensverzekeringen N.V. was established, making the Group the oldest existing life insurer in continental Europe.

Hollandsche Societeit van Levensverzekeringen N.V. strengthened its position in the insurance and investment market by merging in 1967 with Amsterdamse Maatschappij van Levensverzekering N.V. The resulting entity, Delta, then merged with the general insurance company Nedlloyd to create the Company in 1969. As a result of the merger, the Company could offer a wider product range of life insurance and also began to offer general insurance products, each of which were marketed through Intermediaries in the Dutch market.

Commercial Union, a UK-based insurer with an extensive international network, became the Company's only shareholder in 1973, while the Company retained operational independence and continued to operate under its own brand name in the Dutch market. Commercial Union merged with General Accident in 1998 to form CGU plc, which then merged with Norwich Union plc in 2000 to create CGNU plc, which was renamed Aviva plc in 2002.

In the early 1990s the Company purchased the Dutch subsidiary of a foreign bank, and continued the operation under the name Delta Lloyd Bank, which marked its entrance into the banking market.

The Group began to expand outside the Netherlands in the late 1990s, by acquiring Berlinische Lebensversicherung and the private bank Gries & Heissel Bankiers in Germany. These acquisitions formed part of the strategy to sell life insurance and investment products in the German growth market.

To further improve its access to customers, the Company merged in 1999 with OHRA, a Netherlands-based direct insurance writer. OHRA's shareholder, Vereniging NutsOhra (now called Stichting Fonds NutsOhra (**Fonds NutsOhra**)) became a shareholder at the time of the merger. Following the merger, the Company had two shareholders, Aviva held 92% of the voting rights and Fonds NutsOhra held 8% of the voting rights. The merger allowed the combined Company to begin to pursue its multi-brand, multi-channel distribution strategy in the Netherlands, as distribution expanded from Intermediaries (Delta Lloyd) to include also direct sales (OHRA).

In Belgium, the Group formed Delta Lloyd Belgium in 2001 out of the Belgian life insurance activities of OHRA (which OHRA commenced in 1983) and the life insurance operations of CGU plc (which were taken over from Aviva in 2001). The Bankunie and the Bank van Limburg, which were part of OHRA, merged in 2001 and continued operation under the name Delta Lloyd Bank. In addition, in the same year Delta Lloyd Bank expanded through the acquisition of Smeets Securities. In October 2001, the Group acquired Bank Nagelmackers, the oldest bank in Belgium, which provided access to a branch network and a tied agent network, thereby expanding distribution channels for life insurance operations.

In 2003, the Company entered into an insurance joint venture with ABN AMRO Bank, named Delta Lloyd ABN AMRO Verzekeringen, which allows ABN AMRO Insurance brand products to be sold through ABN AMRO Bank's Bancassurance distribution network in the Netherlands. The Company has management control and holds a 51% majority stake, with ABN AMRO Bank holding the remaining 49% interest. For more information, see "– Material Contracts – Delta Lloyd ABN AMRO Verzekeringen".

The Group acquired the insurer Erasmus and 85% of Cyrte (a boutique asset manager) in 2007. In addition, the Group sold its Delta Lloyd and OHRA health insurance operations to CZ, a Dutch health insurer, effective from 1 January 2009, but continues to distribute Delta Lloyd brand and OHRA brand health insurance policies underwritten by CZ as part of its general insurance business. The agreement with CZ allows the Group to offer its customers health insurance products underwritten by CZ and to cross-sell the Group's other insurance products to CZ's customers. For more information, see "– Material Contracts – CZ".

As part of its growth strategy in Belgium, Delta Lloyd Belgium acquired Swiss Life Belgium in July 2008, doubling the size of its life insurance business in terms of assets.

LIFE INSURANCE

Overview

The Group's life insurance business line was the fifth largest life insurer in the Netherlands in 2007 based on gross written premiums (third in group life and fifth in individual life), with a 12.8% market share in 2007 (source: AM Jaarboek 2008). The Group also sells life insurance in Belgium, where it had a market share in 2007 of 3.5% (including Swiss Life Belgium) based on gross written premiums (source: Assuralia 2007), and in Germany. The life insurance business line's net operational result was EUR 129 million for the six months ended 30 June 2009 and EUR 257 million for the year ended 31 December 2008, representing 72% and 73% of total Group net operational result, respectively (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result").

In the Netherlands, the life insurance business line employs a multi-brand, multi-channel strategy in order to position itself advantageously in different distribution channels and customer and pricing segments in the life insurance market. Under the Delta Lloyd brand, the Group is particularly focused on group pensions but also offers a wide range of group and individual life insurance products. Delta Lloyd brand products are distributed primarily through Intermediaries, including actuarial consulting firms that sell to large enterprises, and through IFAs and other Intermediaries that sell to commercial customers (including small and medium sized enterprises (SMEs)) and individual customers. Through the ABN AMRO Insurance brand, the Group offers commodity life insurance and pension products, distributed through the distribution network of ABN AMRO Bank, which provides the Group with a Bancassurance distribution channel. Under the OHRA brand, the Group offers a more limited range of commodity life insurance and pension products distributed directly to individual and group customers primarily through call centres and, increasingly, through the internet.

In Belgium, the Group sells life insurance under the Delta Lloyd Life brand, where it offers both group and individual life insurance products distributed through the Group's bank branch network and tied agents, as well as Intermediaries.

In Germany, the Group offers both group and individual life insurance products distributed through tied agents as well as through Intermediaries, primarily IFAs.

The table below shows the breakdown of life insurance gross written premiums and net result by country for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June				Year ended 31 December					
	2009		2008		2008		2007		2006	
	Gross written premiums	Net result	Gross written premiums	Net result	Gross written premiums	Net result	Gross written premiums	Net result	Gross written premiums	Net result
	(EUR million)									
The Netherlands	1,387	72	2,299	54	3,623	226	3,243	563	2,292	624
Belgium ⁽¹⁾	266	203	225	-18	463	-86	364	21	300	48
Germany	283	-39	198	-32	447	-115	447	3	553	-8
Total	1,937	236	2,722	4	4,533	25	4,054	586	3,146	664

(1) Includes business in Luxembourg through December 2008, when it was divested.

The Netherlands

Products

The focus of the Group in the Dutch life insurance business is group pensions, which accounted for 57% (EUR 2,069 million) of life insurance gross written premiums, and 63% (EUR 1,162 million) of the Group's present value of new business premiums (the **PVNB**), in the year ended 31 December 2008. The remainder of the business line's Dutch life insurance business comprises term life insurance, individual immediate annuities, traditional savings

mortgage-related life insurance and other life insurance products marketed to individuals and SMEs.

The table below shows the breakdown by product category of life insurance gross written premiums for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
Gross written premiums	2009	2008	2008	2007	2006
(EUR million)					
Group Policies					
<i>Traditional</i>					
– annual premium	137	179	120	98	113
– single premium	68	491	1274	961	298
– reinsurance premium ⁽¹⁾	—	2	7	20	24
<i>Unit-linked</i>					
– annual premium	222	299	192	170	249
– single premium	142	360	476	216	66
– reinsurance premium ⁽¹⁾	—	—	—	20	2
Individual Policies					
<i>Traditional</i>					
– annual premium	124	131	203	214	196
– single premium	353	447	606	749	528
– reinsurance premium ⁽¹⁾	19	23	57	80	43
<i>Unit-linked</i>					
– annual premium	269	287	558	579	587
– single premium	53	72	110	115	164
– reinsurance premium ⁽¹⁾	—	8	20	21	22
Total	1,387	2,299	3,623	3,243	2,292

(1) Represents gross written premiums received from third parties under reinsurance contracts.

The business line's life insurance products are either traditional policies or unit-linked policies. Under traditional policies, the Group bears the investment risk. Pure unit-linked policies are those in which the policyholder bears the investment risk. Other unit-linked policies guarantee a minimum investment return or minimum accumulation at maturity to the policyholder. Many of the Group's unit-linked products contain such guarantees. Certain products can be sold in the form of a traditional product as well as in the form of a unit-linked product. For a description of key product characteristics with respect to profitability, see “Operating and Financial Review – General Factors Affecting Results – Drivers of Profitability in the Group's Life Insurance Business”.

Group policies

The Group's group policies are all pension products. Traditional group pensions are sold in the form of old age pensions, survivors pensions, disability insurances (including waiver of premium) and pure endowment capital policies. Unit-linked group pensions are sold in the form of unit-linked capital policies, survivors pensions, and disability insurances (including waiver of premium).

For the majority of company pension funds, the Group provides full service pension solutions, including separate account group contracts, which are large group contracts with individually determined asset investments underlying the pension contracts, and can be either guaranteed or unguaranteed. For large enterprises and SMEs, the Group provides defined benefit products with fixed premiums over the contract period and profit sharing based on a predefined benchmark with guaranteed benefits as well as defined contribution products with single and annual premiums, and profit-sharing based on investment returns on specified funds.

The Group's group life insurance products in the Netherlands include the following:

- *Single premium group pension contracts:* The Group offers companies the option of selling their pension liabilities to the Group, allowing companies to remove these liabilities from their balance sheets and decrease future balance sheet volatility. Pension liabilities can be insured by means of a single premium payment. Since these are customised contracts, specific contract features are tailor made for each client.
- *Old age pension:* The Group's old age pensions are traditional life insurance products, insured by immediate or lifelong annuities. Lifelong annuities are sold to insure old age pensions in defined benefit plans.
- *Survivors pension:* The Group's survivors pensions provide insurance for survivors against the risk of death, either lifelong, temporarily until the pension date or temporarily as from the pension date or on a risk basis. The Group's lifelong or temporary survivorship annuity is a form of traditional life insurance that pays death benefits with a savings feature and with guaranteed returns for the beneficiary. A risk-based survivors pension can be either traditional or unit-linked, paying death benefits with no savings or investment feature and with guaranteed returns for the beneficiary. Both lifelong or temporary survivors pensions and risk-based survivors pensions can have annual or single premiums.
- *Disability pension:* The Group's disability pensions are insured by permanent health insurance, which is a traditional group pension product that pays benefits but has no savings or investment feature, and is a risk-based annuity. Disability pensions are sold as a supplement to both defined benefit and defined contribution plans and can have annual or single premiums.
- *Pure endowment capital policy:* The Group's pure endowment capital policies are traditional life insurance products that provide a guaranteed return for the beneficiary with the option of annual or single premiums. The Group's pure endowment capital policies are sold to cover benefits from defined contribution plans.
- *Unit-linked capital policy:* The Group's unit-linked capital policies are life insurance products with no guaranteed return for the beneficiary, since the capital is based on the value of the investments at the pension date of the employee. Unit-linked capital policies are sold to cover benefits from defined contribution plans and can have annual or single premiums.
- *Waiver of premium in case of disability policy:* Waiver of premium in case of disability policies are insured by permanent health insurance and can be either traditional or unit-linked products with either annual or single premiums. Permanent health insurance is a form of health insurance that pays benefits but has no savings or investment features. The Group is obliged to provide waiver of premium in case of disability policies as supplements to both defined benefit and defined contribution plans.

Individual policies

The Group's individual life insurance products in the Netherlands include the following:

Term life insurance: Term life insurance is traditional life insurance that pays death benefits but has no savings or investment feature. The Group's term life insurance products are mainly sold as supplements to unit-linked products or in combination with mortgage loans or investment accounts, and generally require annual premium payments. The Group ranked number one in term life insurance, with a 25.0% market share, in the Netherlands in 2008 (source: Assurantie Magazine, 2009).

Immediate annuities: The Group's immediate annuities are traditional life insurance products with guaranteed returns for the customer. Under an immediate annuity, the annuitant pays a single premium, in return for which the Group agrees to make annual payments to the annuitant beginning immediately. The Group's immediate annuities are mainly sold to persons whose traditional life savings products are maturing. The Group expects the market for annuities to continue to grow due to the large number of deferred pensions reaching maturity as a result of high sales in the past.

Savings and pension products:

- *Traditional savings mortgage-related life insurance:* The Group's traditional savings mortgage-related life insurance products comprise traditional individual savings plans with annual or single premium payments and benefits based on a guaranteed interest rate. These policies are sold in combination with mortgage loans, whereby the guaranteed interest rate of the insurance is linked to the interest rate used for the mortgage loan. They also carry certain tax advantages to the policyholder.
- *Traditional savings annuity-related life insurance:* The Group's traditional savings annuity-related life insurance products comprise traditional individual savings plans with a single premium payment and benefits based on a guaranteed interest rate. These policies are sold as deferred annuities carrying certain tax advantages for policyholders. The annual payments received by the policyholder are subject to tax levy.
- *Unit-linked/universal life savings:* The Group's universal life and unit-linked capital policies provide for fixed savings from annual or single premium payments. The value of the capital is based on the value of the investments at the chosen end date, with the possibility of guaranteeing a minimum return under certain conditions. Universal life and unit-linked savings can be regular, mortgage-related or annuity-related.

Brands

The tables below show the breakdown by brand of life insurance gross written premiums, net operational result and net result for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

Six months ended 30 June						
2009			2008			
	Gross written premiums	Net op. result ⁽¹⁾	Net result	Gross written premiums	Net op. result ⁽¹⁾	Net result
(EUR million)						
Delta Lloyd	847	70	37	1,738	97	66
ABN AMRO Insurance	279	11	24	327	8	-2
OHRA	260	13	21	234	17	-3
Other	—	1	-10	—	-2	-7
Total	1,387	95	72	2,299	119	54

Year ended 31 December									
2008			2007			2006			
	Gross written premiums	Net op. result ⁽¹⁾	Net result	Gross written premiums	Net op. result ⁽¹⁾	Net result	Gross written premiums	Net op. result ⁽¹⁾	Net result
(EUR million)									
Delta Lloyd	2,772	184	261	2,242	153	537	1,524	150	505
ABN AMRO Insurance	575	10	-8	613	14	15	685	11	30
OHRA	386	43	-54	455	39	28	371	34	30
Other	-110 ⁽²⁾	2	28	-67 ⁽²⁾	43	-17	-289 ⁽²⁾	42	59
Total	3,623	239	226	3,243	250	563	2,292	237	624

(1) Operational result as presented by the Group is a non-GAAP financial measure and is not a measure of financial performance under IFRS. For a description of the Group's definition of operational result and a reconciliation of operational result to result before tax under IFRS, see "Operating and Financial Review – Operational Result". Net operational result is operational result after tax and minority interests.

(2) Represents gross written premiums that the Group pays on behalf of its employees.

Delta Lloyd

Under the Delta Lloyd brand, the Group is particularly focused on group pensions but also offers a wide range of group and individual life insurance products. Delta Lloyd brand products

are distributed primarily through Intermediaries, including actuarial consulting firms that sell to large enterprises, and through IFAs and other Intermediaries that sell to commercial customers (including SMEs) and individual customers. For the year ended 31 December 2008, EUR 2,772 million of gross written premiums came from Delta Lloyd brand policies, of which approximately 77% came from group policies and 23% came from individual policies.

Erasmus is a niche brand, offering “white label” term life insurance products and mortgage-related life insurance products tailored for certain large distributors. Since its acquisition in 2007, the Group has continued to operate Erasmus as a stand-alone unit, for administrative purposes. The Group plans to merge Erasmus into the Delta Lloyd Insurance division but will maintain its life insurance business as a separate brand and it will not be integrated into overall Group administrative or IT systems in the near term.

In the Netherlands, Delta Lloyd brand life insurance products had a market share of 8.7% (including Erasmus) in 2007 based on gross written premiums (source: AM Jaarboek 2008).

ABN AMRO Insurance

The Group sells life insurance under the ABN AMRO Insurance brand through the joint venture between ABN AMRO Bank and the Group, which is designed to leverage the strength of the ABN AMRO name and ABN AMRO Bank’s distribution platform, as well as the Group’s knowledge of insurance products, and its marketing and administration experience. Through the ABN AMRO Insurance brand, the Group offers both group and individual life insurance products, but focuses on commodity products for individuals and SMEs (especially term life, immediate annuity and mortgage-related life insurance). ABN AMRO Insurance is a market leader in the Netherlands in individual term life insurance, with a 21.9% market share in 2008 based on gross written premiums (source: Assurantie Magazine, March 2009), and has significant business in immediate annuity and mortgage-related life insurance products. For the year ended 31 December 2008, individual life insurance products provided EUR 534 million (or 92.8%) of gross written premiums sold in the Netherlands under the ABN AMRO Insurance brand. In the Netherlands, ABN AMRO Insurance brand life insurance products had a market share of 2.4% in 2007 based on gross written premiums (source: AM Jaarboek 2008). Overall, the shift towards *bancaire lijfrente* has resulted in a decline in sales of ABN AMRO Insurance brand individual life insurance policies in favour of, the Group believes, ABN AMRO Bank, the Group’s joint venture partner, as customers increasingly substitute *bancaire lijfrente* offered by ABN AMRO Bank for the Group’s products offered by the joint venture.

If and to the extent Fortis Bank Nederland is integrated into ABN AMRO Bank, then the ABN AMRO Insurance brand is expected to benefit from the extended distribution network provided by Fortis Bank Nederland, as Fortis Bank Nederland will be subject to the distribution agreement between the Group and ABN AMRO Bank, including exclusivity provisions currently in place with ABN AMRO Bank. See “– Material Contracts – Delta Lloyd ABN AMRO Verzekeringen – Shareholders’ agreement”.

In addition, the Group, through ABN AMRO Insurance, also sells individual term life insurance under the Florius brand. Florius is a specialised mortgage lender and also offers multi-purpose packages of residence-related financial products. Florius products are distributed through a large network of IFAs. ABN AMRO Insurance also sells insurance products through MoneYou, a wholly-owned subsidiary of ABN AMRO Bank, which offers mortgage loans and acts as a distributor of savings accounts, consumer credits and insurance products.

OHRA

The Group sells OHRA brand life insurance, including pension products, directly to individual and group customers in the Netherlands, with a particular focus on individual customers. The Group’s OHRA brand life insurance products include annuities, term life insurance and funeral insurance. In the Netherlands, OHRA brand life insurance products (including *Nationaal Spaarfonds (NSF)* brand life insurance products) had a market share of 1.8% in 2007 based on gross written premiums (source: AM Jaarboek 2008).

The OHRA brand platform also distributes other insurance and banking products, such as *bancaire lijfrente* from Delta Lloyd Bank N.V. (**Delta Lloyd Bank Netherlands**) and funeral insurance underwritten by Monuta, a third party insurance provider.

Belgium

The Group sells life insurance in Belgium under the Delta Lloyd Life brand and underwrites “white label” products sold by third parties. The Group was the seventh largest life insurer in Belgium in 2007 with a market share of 3.5% based on gross written premiums (including Swiss Life Belgium) (sources: CBFA, 2008 and Assuralia, 2008), having grown both organically and through acquisitions.

The Group doubled the size of its life insurance business in Belgium in terms of assets through the acquisition of Swiss Life Belgium in July 2008, which had total assets of EUR 3,516 million as at 31 December 2008. Following recent approval from the Belgian regulator with retroactive effect from 1 January 2009, the Group began integrating Swiss Life Belgium into its business. The Swiss Life Belgium group life insurance business is complementary to the Group’s pre-existing life insurance business in Belgium, reinforcing its competitive commercial position by expanding the Group’s product offerings and distribution channels in Belgium, in particular in the group pensions area. In addition, by acquiring Swiss Life Belgium, the Group became a member of the international Swiss Life network, giving the Group exclusive access in the Belgian market to large multi-national corporations with employees in Belgium for group pension plans.

The Group distributes Delta Lloyd Life brand life insurance products through its network of bank branches, as well as through tied agents and Intermediaries. For a further description of the branch network and tied agents of Delta Lloyd Bank België NV (**Delta Lloyd Bank Belgium**), see “– Banking – Belgium”.

The tables below show the breakdown of life insurance gross written premiums, net operational result and net result for Delta Lloyd Belgium for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

Six months ended 30 June						
	2009		2008			
	Gross written premiums	Net op. result ⁽¹⁾	Net result	Gross written premiums	Net op. result ⁽¹⁾	Net result
	(EUR million)					
Delta Lloyd Belgium	266	14	203	225	-27	-18

Year ended 31 December									
	2008			2007			2006		
	Gross written premiums	Net op. result ⁽¹⁾	Net result	Gross written premiums	Net op. result ⁽¹⁾	Net result	Gross written premiums	Net op. result ⁽¹⁾	Net result
	(EUR million)								
Delta Lloyd Belgium	463	-10	-86	364	-3	21	300	-5	48

(1) Operational result as presented by the Group is a non-GAAP financial measure and is not a measure of financial performance under IFRS. For a description of the Group’s definition of operational result and a reconciliation of operational result to result before tax under IFRS, see “Operating and Financial Review – Operational Result”. Net operational result is operational result after tax and minority interests.

Products

The Group offers a range of life insurance products in Belgium that is similar to its range of life insurance products in the Netherlands.

The table below shows the breakdown by product category of life insurance gross written premiums for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
Gross written premiums	2009	2008	2008	2007	2006
(EUR million)					
Group Policies					
<i>Traditional</i>					
– annual premium	94	36	137	64	54
– single premium	49	27	71	36	27
<i>Unit-linked</i>					
– annual premium	—	—	1	1	1
– single premium	—	—	—	—	—
Individual Policies					
<i>Traditional</i>					
– annual premium	37	12	65	24	21
– single premium	82	149	182	239	171
<i>Unit-linked</i>					
– annual premium	—	—	—	—	—
– single premium	3	—	7	—	24
Total	266	225	463	364	300

Group policies

Corporate customers are a key focus of the Group in the Belgian life insurance market. The Group was the fourth largest provider of group life insurance in Belgium in 2008 in terms of gross written premiums (source: Assuralia 2009), with broad coverage across various customer segments from self-employed to SMEs and large corporations. The Group offers a wide range of group pension products, including specialty products tailored to the needs of individual large corporations and standardised or “cafeteria” plans for other customers (including the self-employed). Most of its group life insurance business provides for annual premiums.

Individual policies

The Group was the ninth largest provider of individual life insurance in Belgium in 2008 in terms of gross written premiums (source: Assuralia 2009), with products offering a combination of features that allow customers to tailor their individual policies.

In addition to the Delta Lloyd Life brand products, the Group also underwrites, for a commission, “white label” products sold under third party brands in Belgium.

Assets under management

The Group’s life insurance business line in Belgium had EUR 5.6 billion in assets under management, including EUR 5.2 billion in own risk assets backing its insurance policies, as at 30 June 2009. These assets under management are not included in the portfolio of the Group’s fund management business line. See “– Fund Management – Overview”.

The table below shows the breakdown of own risk assets under management in the life insurance business line in Belgium by asset class as at 30 June 2009 and as at 31 December 2008, 2007 and 2006:

Assets under Management	As at 30 June	As at 31 December		
	2009	2008	2007	2006
<i>(EUR million)</i>				
Fixed Income	4,339	3,693	1,420	1,355
Equity	337	410	297	269
Real Estate	149	140	2	2
Other	326	264	171	101
Total	5,151	4,506	1,891	1,706

Germany

The Group is a small-sized life insurer in Germany, which sells various life insurance products under the Delta Lloyd Leben and Hamburger Leben brands. In the past, the Group also originated mortgage loans in Germany, some of which it still holds. The Group's operations in Germany are currently undergoing a reorganisation (including a significant reduction in FTEs in order to cut costs). Furthermore, the Group is considering its strategic options in Germany, which may include a sale.

The Group offers group life insurance in the form of group pensions but principally focuses on individual life insurance policies, distributing its life insurance products through Intermediaries, in particular a nationwide network of IFAs, and through its own tied-agent channel.

Products

The table below shows the breakdown by product category of life insurance gross written premiums for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
Gross written premiums					
<i>(EUR million)</i>					
Group Policies					
<i>Traditional</i>					
– annual premium	39	39	104	107	141
– single premium	27	25	62	61	50
Individual Policies					
<i>Traditional</i>					
– annual premium	95	97	212	225	233
– single premium	4	5	7	5	10
<i>Unit-linked</i>					
– annual premium	19	18	40	37	36
– single premium	1	1	2	1	3
<i>Investment contracts</i>					
– single premium	98	12	22	10	80
	283	198	447	447	553

Group policies

The Group's German group life insurance products are traditional life insurance products consisting primarily of corporate pension schemes.

Individual policies

The Group's German business line provides a complete range of individual life insurance products, but in particular specialises in old-age provisioning and wealth management. It has focused its product range in recent years on areas where it believes it has a competitive edge and its products now include:

- *Endowments*: The Group's endowment products insure sums of money, including profit-sharing participation, paid out at maturity with a share of the profits earned. This product group includes an insurance product with a guaranteed interest rate. The endowments can be traditional or unit-linked and customers have the option between an annual or single premium.
- *Deferred annuities*: The Group's annuities are traditional life insurance products with lifelong annuities. These products can be traditional or unit-linked and customers have the option between an annual or single premium. When the payment of the annuities begins, the unit-linked product is transformed into an immediate annuity.
- *Immediate annuities*: The Group's immediate annuities are traditional life insurance products with guaranteed returns for the customer. Under immediate annuities, the annuitant pays a single premium, in return for annual payments to the annuitant beginning immediately.
- *Term life insurance*: The Group's term life insurance policies are a form of traditional life insurance that pay death benefits but have no savings or investment feature.
- *Disability/long-term care*: Disability insurance is a traditional insurance product with an annual or single premium, which pays out if the insured person is no longer able to work. The Group sells disability insurance as both a single product and a complementary product to an annuity, endowment or term insurance. Long-term care insurance is paid if the insured person requires long-term nursing care.
- *Investment contracts*: The Group offers investment contracts (*Kapitalisierung*) which are profit-sharing life insurance products with a guaranteed interest rate and an investment period of at least one year. The Group no longer offers these products.
- *Credit life*: The Group's credit life products repay consumer credit or instalment payments if the customer dies or is unable to continue working. This traditional, mostly single premium product, is offered in conjunction with additional unemployment protection.
- *Other individual life insurance*: Other individual life insurance policies offered by the Group includes funeral insurance (a traditional product), which pays a defined sum when the insured person dies and fixed term insurance which pays a defined sum after a fixed time.

GENERAL INSURANCE

Overview

The Group's general insurance business line was the fourth largest general insurer in the Netherlands in 2007 in terms of gross written premiums, with a market share (excluding health insurance) of 8.7% in 2007 (source: AM Jaarboek 2008). Approximately 98% of the Group's general insurance gross written premiums in 2008 were from the Netherlands with the remainder from limited Belgian operations since the acquisition of Swiss Life Belgium. The general insurance business line's net operational result was EUR 40 million for the six months ended 30 June 2009 and EUR 98 million for the year ended 31 December 2008, representing 22% and 28% of the total Group net operational result, respectively (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result").

In the Netherlands, the general insurance business line employs a multi-brand, multi-channel strategy similar to the life insurance business line, using several distribution channels and customer and pricing segments in the general insurance market. Through the Delta Lloyd brand, the Group offers general insurance products distributed primarily through Intermediaries (including underwriting agents and brokers). Through the ABN AMRO Insurance brand, it offers general insurance products distributed through the Bancassurance network of ABN

AMRO Bank. The Group offers OHRA brand general insurance products using the direct distribution channel. In addition, the Group underwrites, through niche brand Virtes, “white label” products offered by third parties, primarily motor, fire and liability insurance sold to private customers and SMEs, as well as income and absenteeism insurance for commercial customers.

In late 2008, under the Group’s updated organisational structure, the back offices for certain private general insurance commodity products were integrated with the product development, pricing and risk-bearing activities into PSB, a single, centralised insurer. The income and absenteeism business of the Group’s brands has also been merged into one centralised shared insurer.

In Belgium, the Group offers general insurance products through the Zelia brand, which are distributed through Delta Lloyd Bank Belgium’s network of bank branches, as well as tied agents and Intermediaries.

The Group does not offer its own general insurance in Germany but acts as a distributor of certain general insurance products underwritten by third parties, particularly by Allianz under the Allianz brand, for which it receives fees and commissions. The Group is considering its strategic options in Germany, which may include a sale.

The table below shows the breakdown of the general insurance gross written premiums and net result by country for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June				Year ended 31 December					
	2009		2008		2008		2007		2006	
	Gross written premiums	Net result	Gross written premiums	Net result	Gross written premiums	Net result	Gross written premiums	Net result	Gross written premiums	Net result
(EUR million)										
The Netherlands	799	1	790	11	1,349	9	1,251	171	1,167	138
Belgium	31	1	—	—	29	-6	—	—	—	—
Total	830	2	790	11	1,378	4	1,251	171	1,167	138

The Netherlands

Products

The Group offers a wide range of general insurance products in the Netherlands, primarily through the Delta Lloyd, ABN AMRO Insurance and OHRA brands. Following the sale of the Group’s health insurance business to CZ (with effect from 1 January 2009), the Group also distributes certain health insurance products underwritten by CZ which are sold under the Delta Lloyd and OHRA brands, for which the Group receives fees and commissions.

The table below shows the gross written premiums of the business line’s general insurance products in the Netherlands for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
(EUR million)					
Gross written premiums					
Motor	205	198	391	396	373
Fire ⁽¹⁾	284	256	464	414	415
Liability	65	68	100	92	82
Income and absenteeism	150	171	235	195	155
Marine/pleasure craft	52	47	82	80	78
Other	44	51	78	75	63
Total	799	790	1,349	1,251	1,167

(1) Includes engineering policies.

A description of each of the Group's general insurance products follows below.

- *Motor*: The Group's motor policies in the Dutch market provide third party liability coverage to individuals and commercial fleets, including property damage and bodily injury, as well as coverage for theft, fire and collision damage. Dutch law requires that coverage for third party liability be maintained for each licensed motor vehicle. Most of the Group's motor insurance policies are offered in modular form, which enables policyholders to determine the kind of coverage by selecting the characteristics of the coverage they want.
 - *Fire*: The Group's fire policies in the Dutch market provide coverage against a variety of property risks including fire, storm, and burglary. Coverage is available for buildings, contents and business continuity. Coverage on commercial policies is usually provided on the basis of named risks, with certain exceptions such as flood damage. Private coverage is provided on both a single-risk and multi-risk basis, with multi-risk policies providing coverage for loss or damage to dwellings and damage to personal goods.
 - *Engineering*: The Group's engineering policies fall into two main categories, both of which are primarily commercial policies. First, coverage is offered for losses caused by the breakdown of computers and machinery, including coverage for business interruptions. Second, construction all risk policies are offered that cover a range of risks related to construction activities, including for third party liability and property damage. The construction all risk portfolio contains policies with an annual premium or up-front payments.
 - *Liability*: The Group's liability policies in the Dutch market provide coverage for third party liability. The commercial liability policies also provide coverage for third party liability for companies and personnel.
 - *Income and absenteeism*: The income and absenteeism portfolio consists of injury coverage, disability and absenteeism policies (more generally known in the insurance industry as accident and health policies). The Group's injury coverage policies pay a fixed amount in the event of certain serious injuries or death. The Group's disability policies provide long-term coverage for loss of income caused by disability with monthly payments, after the expiration of the selected waiting period. Disability policies sold through the general insurance business line are sold on a stand-alone basis, while disability policies sold through the life insurance business line are sold only in combination with another life insurance product. The Group's absenteeism policies provide coverage for mandatory salary payments to employees on paid sick leave during the first two years of incapacity due to illness or disability.
 - *Marine/pleasure craft*: The Group's marine policies include coverage for land material and vessels, as well as transportation coverage for third party liabilities, vehicles and cargo. Marine also includes pleasure craft insurance policies.
 - *Other*: The Group also offers other products such as travel insurance and legal aid policies.
- The Group also sells packages of general insurance products (which incorporate various types of general insurance products) in the Netherlands primarily to private customers.
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Brands

The tables below show the breakdown by brand of general insurance gross written premiums, net operational result and net result by brand for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

Six months ended 30 June						
2009 ⁽¹⁾			2008 ⁽¹⁾			
	Gross written premiums	Net op. result ⁽²⁾	Net result	Gross written premiums	Net op. result ⁽²⁾	Net result
(EUR million)						
Delta Lloyd	593	28	—	547	36	11
ABN AMRO Insurance	149	9	9	152	11	14
OHRA	68	2	-1	100	2	-6
Other	-11	—	-8	-9	-14	-8
Total	799	39	1	790	35	11

Year ended 31 December									
2008			2007			2006			
	Gross written premiums	Net op. result ⁽²⁾	Net result	Gross written premiums	Net op. result ⁽²⁾	Net result	Gross written premiums	Net op. result ⁽²⁾	Net result
(EUR million)									
Delta Lloyd	908	93	-4	817	132	118	800	100	66
ABN AMRO Insurance	284	21	26	282	34	63	243	23	37
OHRA	177	2	-15	167	21	9	151	29	27
Other	-19	-15	1	-14	-12	-18	-27	—	8
Total	1,349	101	9	1,251	176	171	1,167	151	138

(1) Includes data from Erasmus.

(2) Operational result as presented by the Group is a non-GAAP financial measure and is not a measure of financial performance under IFRS. For a description of the Group's definition of operational result and a reconciliation of operational result to result before tax under IFRS, see "Operating and Financial Review – Operational Result". Net operational result is operational result after tax and minority interests.

Delta Lloyd

Through the Delta Lloyd brand, the Group offers general insurance products distributed primarily through Intermediaries (including underwriting agents and brokers). The Group also sells packages of general insurance products, including agriculture packages (which incorporate various types of general insurance products) through the Delta Lloyd brand in the Netherlands primarily to private customers. Through the Delta Lloyd brand, the Group sells motor, fire, income and absenteeism, liability and marine/pleasure craft insurance, to both private customers and commercial customers, with SMEs in particular constituting the majority of its customer base. In the Netherlands, the Delta Lloyd brand had a market share (including Erasmus and excluding health insurance) of 5.7% based on gross written premiums in 2007 (source: AM Jaarboek 2008). The Group also distributes certain health insurance products underwritten by CZ but sold under the Delta Lloyd brand.

ABN AMRO Insurance

The focus of the ABN AMRO Insurance brand's general insurance products is commodity insurance products offered through the Bancassurance distribution network of ABN AMRO Bank. The majority of the customer base is SMEs and private customers, often purchasing fire and liability insurance policies in combination with mortgage and term annuity policies. The distribution focus in the private market is on bank branches, the internet and call centre sales and service, with internet sales expected to be the primary driver for growth. For the commercial market, the focus is on packaged bundles of products for SMEs and on income

and absenteeism insurance. In the Dutch general insurance market, the ABN AMRO Insurance brand had a market share of 1.9% based on gross written premiums in 2007 (source: AM Jaarboek 2008).

If and to the extent Fortis Bank Nederland is integrated into ABN AMRO Bank, then the ABN AMRO Insurance brand is expected to benefit from the extended distribution network provided by Fortis Bank Nederland, as Fortis Bank Nederland will be subject to the distribution agreement between Delta Lloyd and ABN AMRO Bank, including exclusivity provisions currently in place with ABN AMRO Bank. See “– Material Contracts – Delta Lloyd ABN AMRO Verzekeringen – Shareholders’ agreement.”

OHRA

Through the OHRA brand, the Group offers commodity general insurance products, including motor, fire, liability, travel and legal assistance insurance. Distribution is through the direct channel, including call centres and the internet. The Group’s general insurance business within the OHRA organisation also includes the brands Izio and NSF, as well as the “white label” provider Virtes. In the Netherlands, OHRA had a market share (including Izio, NSF and Virtes and excluding health insurance) of 1.1% in terms of gross written premiums in 2007 (source: AM Jaarboek 2008).

The Group’s Izio brand is a discount internet distributor of general insurance, specialising in packaging commodity general insurance products. Izio offers value-priced products made possible by the cost savings associated with internet-only distribution and limiting its offerings to basic products.

NSF is used primarily as a brand for online insurance activities, with a focus on private general insurance and pet insurance.

Virtes distributes “white label” general insurance products through brand names such as Kruidvat, De Nationale and Neckermann.

The Group also distributes certain health insurance products underwritten by CZ but sold under the OHRA brand.

Belgium

The Group sells general insurance in Belgium on a limited scale primarily through the Zelia brand, which it acquired as a part of Swiss Life Belgium in July 2008. At the time of the acquisition, the Group did not offer general insurance in Belgium. The Zelia brand currently offers only private general insurance products, primarily motor, fire and liability, of which motor constitutes the substantial majority of the business.

FUND MANAGEMENT

Overview

The Group had EUR 66.3 billion of assets under management as at 30 June 2009. Of that amount, EUR 34.6 billion was managed by Delta Lloyd Asset Management, which constitutes the fund management business line, and EUR 31.7 billion (including the Group’s mortgage loan portfolio of EUR 13.8 billion) was managed by divisions under other business lines and accounted for under those business lines. See “– Life Insurance – Belgium – Assets under management”, “– Banking – The Netherlands – Assets under Management” and “– Banking – Belgium – Assets under Management”. However, the fund management business line has an advisory role for the Group’s other fund management operations.

The following table presents the breakdown of the Group's total assets under management as at 30 June 2009:

Assets under management	As at 30 June 2009
	(EUR million)
Delta Lloyd Asset Management	34,570
Delta Lloyd Banking	13,393
Delta Lloyd Belgium	5,610
ABN AMRO Insurance	2,919
Delta Lloyd Germany	805
OHRA Insurance	393
Delta Lloyd Insurance	2,233
Other ⁽¹⁾	6,333
Total	66,257

(1) Includes Amstelhuys and consolidation and elimination items.

The Group's fund management business line primarily manages own risk investment funds on behalf of the Group (the **Group Portfolio**), but also manages third party investment funds (**Third Party Portfolios**). The Group Portfolio represents a substantial majority of the business line's assets under management. Of the EUR 34.6 billion managed by the fund management business line as at 30 June 2009, EUR 22.6 billion were from the Group Portfolio. The fund management business line offers third party investment funds to both institutional and retail investors in the Netherlands, Belgium and Germany. In addition, it manages real estate funds available to the Group and third party investors, as well as a boutique fund company, Cyrte, aimed at institutions and family offices. The business line's net operational result was EUR 6 million for the six months ended 30 June 2009 and EUR 9 million for the year ended 31 December 2008, representing 4% and 3% of the total Group net operational result, respectively (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result").

The business line's primary investment focus is fixed income instruments, an area of historically good performance for the Group. In addition, the Group holds a number of significant equity positions through the fund management business line, pursuing a strategy to acquire stakes of 5% of the issuer's total outstanding share capital or greater in certain Dutch companies in order to take advantage of favourable tax treatment in the Netherlands as well as to have a say in corporate governance and management of the companies.

The Group plans to focus its fund management business line on offering its third party customers balance sheet management products (tailored to the liability structures of insurance industry customers) and boutique products for the institutional market, including those offered by Cyrte.

The fund management business line sells its funds to institutional customers primarily by means of its sales department's dedicated sales force. For retail investors, it generally relies on sales by third party banks in each of the Netherlands, Belgium and Germany, though a small portion of retail funds (unit-linked funds) are distributed through the Group's own distribution channels. In the Netherlands, funds are distributed largely by Dutch retail banks, including ABN AMRO Bank, Rabobank and ING.

The tables below show the breakdown of total fee and commission income, net operational result and net result for the fund management business line for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

Six months ended 30 June						
2009			2008			
Total Fee and Commission income	Net op. result ⁽¹⁾	Net result	Total Fee and Commission income	Net op. result ⁽¹⁾	Net result	
(EUR million)						
Delta Lloyd Asset Management	50	6	6	58	8	8

Year ended 31 December							
2008			2007			2006	
Total Fee and Commission income	Net op. result ⁽¹⁾	Net result	Total Fee and Commission income	Net op. result ⁽¹⁾	Net result	Total Fee and Commission income	Net op. result ⁽¹⁾
(EUR million)							
Delta Lloyd Asset Management	108	9	10	124	25	26	143
							41
							42

(1) Operational result as presented by the Group is a non-GAAP financial measure and is not a measure of financial performance under IFRS. For a description of the Group's definition of operational result and a reconciliation of operational result to result before tax under IFRS, see "Operating and Financial Review – Operational Result". Net operational result is operational result after tax and minority interests.

Assets under Management

The table below shows the fund management business line's assets under management as at 30 June 2009 and as at 31 December 2008, 2007 and 2006, split between the Group Portfolio and Third Party Portfolios:

	As at 30 June		As at 31 December	
	2009	2008	2007	2006
(EUR million)				
<i>Investment funds</i>	1,447	1,290	1,737	1,100
<i>Other assets</i>	21,130	24,695	21,787	22,508
Group Portfolio	22,577	25,985	23,524	23,608
<i>Investment funds</i>	10,371	9,779	12,326	11,063
<i>Other assets</i>	1,622	1,491	3,813	3,362
Third Party Portfolios	11,993	11,270	16,139	14,425
Total	34,570	37,255	39,663	38,033

Group Portfolio

The primary focus of the Group's fund management business line is to manage the majority of the Group's Group Portfolio. It performs this function at cost, with only nominal fees taken.

The table below shows the fund management business line's Group Portfolio assets under management by asset class as at 30 June 2009 and as at 31 December 2008, 2007 and 2006:

	As at 30 June	As at 31 December		
Group Portfolio	2009	2008	2007	2006
	(EUR million)			
Bonds	14,583	15,796	13,993	14,479
Prefs	318	302	419	551
Other	—	—	—	—
Fixed Income	14,901	16,098	14,412	15,030
Fixed Income Derivatives	220	717	15	5
Equity	3,221	3,055	4,784	4,859
Equity Options	110	374	56	23
Real Estate	2,827	2,759	3,089	2,867
Alternatives	559	599	572	261
Mixed Funds	110	99	17	14
Cash & Deposits	630	2,283	579	549
Total	22,577	25,985	23,524	23,608

Investment funds

The fund management business line is also responsible for the management of investment funds and maintains several types of funds open to institutional and retail investors and the Group. The Group believes that the recent strength of the Delta Lloyd brand and investment outperformance against established benchmarks in certain of the business units' funds have contributed to growth in third party assets under management in the Delta Lloyd brand funds. The table below shows the business line's investment funds as at 30 June 2009 and as at 31 December 2008, 2007 and 2006, split between the Group Portfolio, Third Party Portfolios and funds of funds:

	As at 30 June	As at 31 December		
Investment Funds	2009	2008	2007	2006
	(EUR million)			
Group Portfolio	1,447	1,290	1,737	1,100
Third Party Portfolios	10,371	9,779	12,326	11,063
Funds of funds ⁽¹⁾	3,108	2,257	2,249	2,275
Total	14,925	13,326	16,312	14,438

(1) Represents investments in Delta Lloyd Investment Funds, which are eliminated from total assets under management.

The fund management business line generates income from Third Party Portfolios and funds of funds through fund management fees as well as performance fees for certain funds, for which fees are tied to performance against internal targets, agreed targets in a limited partner agreement and/or by outperformance of certain of its funds against benchmarks. Management fees are also shared with distributors.

The table below shows the business line's assets under management in investment funds (including the Group Portfolio, Third Party Portfolio and funds of funds) by asset class as at 30 June 2009 and as at 31 December 2008, 2007 and 2006:

Investment Funds	As at 30 June	As at 31 December		
	2009	2008	2007	2006
	(EUR million)			
<i>Institutional</i>	3,155	2,897	2,673	2,484
<i>Retail</i>	2,296	2,265	2,600	3,028
Fixed Income	5,451	5,162	5,274	5,512
<i>Institutional</i>	3,156	2,390	3,435	857
<i>Retail</i>	3,205	2,923	4,801	5,200
Equity	6,361	5,313	8,235	6,057
<i>Institutional</i>	378	365	134	174
<i>Retail</i>	183	150	140	152
Real estate	561	515	274	326
<i>Institutional</i>	18	—	—	—
<i>Retail</i>	2,534	2,336	2,529	2,543
Mixed Funds	2,552	2,336	2,529	2,543
Total	14,925⁽¹⁾	13,326	16,312	14,438

(1) 69% of this amount relates to third party assets under management.

Institutional funds

The fund management business line offers fixed income, equity and property funds to institutional investors, as well as funds with a mix of asset types.

Leveraging its experience as the asset manager of the Group, the fund management business line employs matching and return portfolio strategies for institutional investors. The matching portfolio focuses on fixed income products, and tailors investments for insurance investors that match returns against investor obligations as to tenor and income. The return portfolio includes funds with a range of unique investments designed to maximise income for investors.

The Group owns 85% of Cyrte, a fund management boutique with specialised objectives and investment strategies and offers investment opportunities to institutions and family offices. The remaining 15% interest in Cyrte is owned by its managing director. Cyrte focuses on media, telecommunications and new technologies which it believes are likely to lead the consumer markets in the near future. It targets bigger institutions and maintains its own customer base, actively seeking additional institutional discretionary mandates. As at 30 June 2009, Cyrte had EUR 2.3 billion in assets under management.

The table below shows the assets under management and performance of the fund management business line's institutional funds, as well as the performance against the benchmark, where available, during the six-month, one-year, three-year and five-year periods ended 30 June 2009.

Funds	Class	AUM	6 months	1 year	3 years	5 years	Benchmark
(EUR million)							
Delta Lloyd Institutioneel Obligatiefonds MT	Fixed Income	925	2.1%	12.8%	5.3%	4.8%	
<i>Performance against benchmark</i>			0.6%	1.2%	0.3%	0.3%	Iboxx Sov All Maturities
Delta Lloyd Institutioneel Credit Fonds LR	Fixed Income	830	6.0%	7.0%	2.7%	3.1%	
<i>Performance against benchmark</i>			1.5%	-0.6%	-0.5%	-0.2%	Iboxx Non Sov > 1 yr
Cyrte Fund I	Equities	823	9.6%	-28.6%	1.0%		
Cyrte Fund III (Brazil)	Equities	654	37.5%	-13.8%			
Delta Lloyd Institutioneel Obligatiefonds LT	Fixed Income	545	0.6%	14.4%	5.3%	5.4%	
<i>Performance against benchmark</i>			0.4%	2.1%	0.6%	0.4%	Iboxx Sov > 5 yr
Delta Lloyd Institutioneel Credit Fonds HR	Fixed Income	518	3.0%	7.0%	3.1%	3.3%	
<i>Performance against benchmark</i>			0.3%	-2.3%	-0.9%	-0.4%	Iboxx Non Sov AAA/AA
Delta Lloyd Institutioneel Wereld Fonds	Equities	207	9.6%	-23.1%	-9.9%	-2.3%	
<i>Performance against benchmark</i>			4.2%	-2.3%	0.9%	0.5%	MSCI World
Delta Lloyd Institutioneel Obligatiefonds XLT	Fixed Income	200	-1.8%	13.4%	3.9%		
<i>Performance against benchmark</i>			1.3%	2.8%	0.6%		Iboxx Sov (eurozone) > 15 yr
Other institutional funds ⁽¹⁾	Mixture	2,005					
Total		6,329					

(1) Includes institutional funds with assets under management less than EUR 200 million.

Retail funds

The fund management business line offers fixed income, equity and property funds to retail investors, as well as funds with a mix of asset types.

The table below shows the assets under management and performance of the fund management business line's retail funds, as well as the performance against the benchmark, where available, during the six-month, one-year, three-year and five-year periods ended 30 June 2009.

Funds	Class	AUM	6 months	1 year	3 years	5 years	Benchmark
(EUR million)							
Delta Lloyd Rente Fonds N.V.	Fixed Income	1,600	3.2%	11.7%	4.1%	4.1%	
<i>Performance against benchmark</i>			0.5%	-1.0%	-0.8%	-0.8%	Iboxx Euro Overall Index
Delta Lloyd Mix Fonds	Mixture	1,599	5.1%	-3.7%	-1.8%	1.5%	
<i>Performance against benchmark</i>			1.1%	-2.2%	-0.5%	-0.6%	Cust. Benchmark
Delta Lloyd Investment Fund	Equities	1,214	9.6%	-22.2%	-9.2%	-1.9%	
<i>Performance against benchmark</i>			4.2%	-1.4%	1.6%	0.8%	MSCI World
Delta Deelnemingen Fonds	Equities	492	20.6%	-21.9%	-5.4%	9.8%	
OHRA Aandelen Fonds	Equities	399	15.7%	-22.6%	-7.6%	-0.5%	
DL EU Deelnemingen Fonds	Equities	179	7.6%	—	—	—	
DL Euro Credit Fonds	Fixed Income	178	5.8%	7.6%	3.0%	3.2%	
<i>Performance against benchmark</i>			1.4%				Iboxx Non Sov > 1 yr.
Other retail funds ⁽¹⁾	Mixture	2,558					
Total		8,035					

(1) Includes retail funds with assets under management less than EUR 150 million.

Real estate portfolio

The fund management business line maintains an own risk real estate portfolio of EUR 2,827 million as at 30 June 2009 in both directly-owned residential, commercial and retail assets, with a focus on the Netherlands, and indirect exposure to real estate through other investments, namely non-listed Dutch real estate funds. The real estate portfolio is composed primarily of own risk funds in the Group Portfolio, but also contains limited third party funds of EUR 561 million. See “— Investments – Real Estate”.

The table below shows the assets under management and performance of the fund management business line's real estate funds, as well as the performance against the benchmark, where available, during the six-month, one-year, three-year and five-year periods ended 30 June 2009.

Funds	AUM	6 months	1 year	3 years	5 years	Benchmark
(EUR million)						
Delta Lloyd Dutch Property Fund CV	267	0.0%	2.5%			
Performance against benchmark			-0.7%			ROZ-IPD Index
OHRA Onroerend Goed Fonds	183	4.3%	-26.5%	-14.8%	0.9%	
Delta Lloyd Institutioneel Real Estate Fund	70	1.1%	-20.9%	-9.2%		
Performance against benchmark		-0.3%	14.3%	10.6%		EPRA Europe capuk 25%
Delta Lloyd Institutioneel Property	23	1.6%	-33.6%	-18.9%		
Performance against benchmark		0.3%	1.5%	0.9%		FTSE EPRA (UK CAP 25%)
Delta Lloyd L Global Property Fund	18	18.02%				
Total	561					

BANKING

Overview

The Group's banking business line offers banking products and services, principally mortgage loans and mortgage servicing in the Netherlands and Belgium. It operates in the Netherlands under the Delta Lloyd and OHRA brands, serving retail customers, and in Belgium under the Delta Lloyd brand, serving both retail and commercial customers. The banking business line's net operational result was EUR 4 million for the six months ended 30 June 2009, representing 2% of the total Group net operational result, and had a negative contribution to the Group's net operational result for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "Operating and Financial Review – Operational Result").

In the Netherlands, Amstelhuys, a wholly-owned subsidiary of the Company, is the originator of most of the Group's residential mortgage loans. Amstelhuys is not an operating company, but instead underwrites most Delta Lloyd brand mortgage loans and acts as a funding vehicle. The Group's banking business line services the mortgage loans originated by Amstelhuys. Amstelhuys is accounted for under the Group's "Other" business line and not under the banking business line. As a result, the Group's banking business line is not required to hold capital against the Amstelhuys mortgage loan portfolio. See "Operating and Financial Review – Key Factors Affecting Results of Operations – Mortgage Funding – Amstelhuys".

The mortgage loan portfolio of the Group as at 30 June 2009 was EUR 13,787 million, of which EUR 9,832 million were in the Netherlands, EUR 3,241 million were in Belgium and EUR 714 million were in Germany. The mortgage loan portfolio in the Netherlands consisted of EUR 9,723 million in mortgage loans serviced by the banking business line and EUR 109 million in mortgage loans to private banking customers which are serviced by the private banking department of the banking business line. The EUR 9,723 million in mortgage loans serviced by the banking business line in the Netherlands included EUR 6,360 million originated by Amstelhuys (of which EUR 5,383 million has been securitised), EUR 1,706 million held by the banking business line (none of which has been securitised) and EUR 1,766 million held by other entities in the Netherlands, primarily the life insurance business line in the Netherlands

(of which EUR 748 million has been securitised). In Belgium, EUR 992 million of mortgage loans have been securitised.

The table below shows the breakdown of the Group's total mortgage loan portfolio, and amount of mortgage loans securitised, by country as at 30 June 2009:

As at 30 June 2009		
	Total mortgage loans	Amount of mortgage loans securitised
The Group's total mortgage loan portfolio		
	(EUR million)	
<i>Amstelhuys</i>	6,360	5,383
<i>Banking business line in the Netherlands⁽¹⁾</i>	1,706	0
<i>Other Dutch entities⁽²⁾</i>	1,766	748
Netherlands	9,832	6,131
<i>Banking business line in Belgium</i>	3,107	992
<i>Other Belgian entities</i>	134	0
Belgium	3,241	992
Germany	714	0
Group total	13,787	7,124

(1) Includes EUR 109 million in mortgage loans to private banking customers.

(2) Primarily the life insurance business line in the Netherlands.

In the Netherlands, the Group sells its banking and mortgage loan products under the Delta Lloyd brand via Intermediaries, in particular IFAs. The Group intends to continue using IFAs to distribute Delta Lloyd brand banking products, primarily mortgage loans. The Group distributes the same banking products under the OHRA brand mainly through direct channels, in particular call centres and the internet.

In Belgium, the Group's primary distribution channel for banking products is its nationwide network of 93 bank branches. It also distributes products through a network of 157 tied agents. The Group is also focused on developing its direct distribution channels, in particular the internet.

The Group's network of tied agents in Belgium is different from the tied agents used in other Group markets. Under Belgian law, the tied agents must sell the Group's savings and investment products, but may sell third party loans, mortgage loans and insurance products. The tied agents are franchisees, usually small outlets run by financial advisers, with exclusive access to Delta Lloyd Belgium branding. The tied agents provide interest margins to Delta Lloyd Bank Belgium, and in exchange are given commissions from the sale of banking products. The branches and tied agents in Belgium also act as a distribution platform for the Group's life insurance and general insurance products in Belgium (see "Life Insurance – Belgium"). Commissions for the sale of Delta Lloyd brand insurance products are directly paid by the Group's life insurance business in Belgium, not its banking business.

The Group also owns a small private bank in Germany. The Group is currently considering its strategic options in Germany, which may include a sale of its German private bank.

The table below shows the breakdown of the banking business line's total income and net result by country for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006. The table excludes the gain (EUR 8.3 million in 2008 and EUR 3.5 million in the first half of 2009) on buyback of own debt (issued by one of the Group's issuers of mortgage-backed securities) due to internal classification rules.

	Six months ended 30 June				Year ended 31 December					
	2009		2008		2008		2007		2006	
	Total Income	Net result	Total Income	Net result	Total Income	Net result	Total Income	Net result	Total Income	Net result
(EUR million)										
Netherlands	37	—	23	-6	-4	-73	53	—	65	5
Belgium	61	1	74	10	60	-36	134	12	146	18
Other	4	-2	4	-2	10	-5	22	-4	18	-3
Total	102	-2	102	1	67	-114	209	8	230	20

The Netherlands

Products

In the Netherlands, the Group's banking products and services are designed to complement its insurance operations. The primary product groups are:

- *Loans:* The majority of loans offered are mortgage loans. At 30 June 2009, the loan portfolio held by the Group's banking business line in the Netherlands consisted of EUR 1,706 million in mortgage loans (including EUR 109 million in mortgage loans to private banking customers), the majority of which were residential, and EUR 230 million in consumer loans, the new issuance of which was discontinued after the first half of 2009. In addition, the loan portfolio included EUR 343 million in intercompany loans and overnight government facilities. The banking business line also services mortgage loans originated by Amstelhuys.
- *Deposits:* The Group offers time deposits, typically ranging from six months to two years, and savings accounts. The Group also offers *bancaire lijfrente*, a long-term savings and investment product that is an alternative to individual life insurance. As at 30 June 2009, the Group had EUR 1,951 million in deposits in the Netherlands, including EUR 194 million in deposits of *bancaire lijfrente*. See “— Banking – The Netherlands – Products – *Bancaire lijfrente*”.
- *Mortgage loan repayment products:* The Group offers savings and investment products for customers to aid in the repayment of mortgage loans. Mortgage loan repayment products were introduced in 2009.

Private banking and discretionary fund management services are also offered to a lesser degree through the Delta Lloyd brand. In addition, at 30 June 2009, the Group's Dutch banking operations had approximately EUR 0.8 billion in third party assets under management. See “— Assets under Management”.

Loans

The total loan portfolio held by the Group's banking business line in the Netherlands is heavily concentrated in mortgage loans.

The table below shows a breakdown of the components of the business line's loan portfolio as at 30 June 2009:

Loan category	As at 30 June 2009	
	Value	Percent of total
	(EUR million, except percentages)	
Mortgage loans ⁽¹⁾	1,706	74.9
Retail consumer loans ⁽²⁾	230	10.1
Other	343	15.1
Total	2,279	100.0

(1) Includes EUR 109 million in mortgage loans which are serviced by the private banking department of the banking business line.

(2) Beginning in the second half of 2009, the Group's banking business line no longer originates new consumer loans.

Mortgage loans

Because interest payments on mortgage loans in the Netherlands are tax-deductible, interest-only mortgage loans and mortgage loans that combine interest-only loans with savings and investment features are most common.

The table below shows an overview of the Group's mortgage loan portfolio in the Netherlands serviced by the banking business line as at 30 June 2009 and 31 December 2008, 2007 and 2006:

Mortgage loan portfolio	As at 30 June		As at 31 December	
	2009	2008	2007	2006
Group mortgage loan portfolio in the Netherlands ⁽¹⁾ (EUR billion)	9.7	9.5	9.0	8.8
Securitised (EUR billion)	6.1	6.9	6.8	6.6
No. of loans	52,276	50,689	48,939	49,276
No. of private sales	28	57	50	72
No. of foreclosures	7	22	36	34
No. of losses	21	38	32	46
Loss amount (EUR million)	0.61	1.40	1.12	1.80
Loss amount (bp of portfolio)	0.61	1.47	1.24	2.06

(1) Includes mortgage loans originated by Amstelhuys, but does not include EUR 109 million in mortgage loans to private banking customers, which are serviced by the private banking department in the Netherlands.

The table below shows the percentage of arrears of the Group's mortgage loan portfolio in the Netherlands serviced by the banking business line as at 30 June 2009 and 31 December 2008:

Arrears ⁽¹⁾	As at	
	30 June 2009	31 December 2008
	(%)	
0 to 2 months	2.0	1.9
> 2 to 3 months	0.4	0.3
> 3 to 6 months	0.1	0.1
> 6 to 12 months	0.1	0.1
More than 12 months	0.0	0.0
Total arrears > 3 months	0.2	0.2

(1) Includes mortgage loans originated by Amstelhuys, but does not include EUR 109 million in mortgage loans to private banking customers, which are serviced by the private banking department in the Netherlands.

The Group believes that the low rate of arrears is due to its strict underwriting policies and arrears management, combined with favourable regulations and prudent attitudes towards mortgage loans in general in the Netherlands. Over the past year, the Group has not significantly changed its underwriting criteria. However, the Group anticipates that in the current economic environment, arrears on the mortgage loan portfolio will likely increase.

The following table presents loan-to-value information for the Group's mortgage loan portfolio in the Netherlands (including Amstelhuys) serviced by the banking business line calculated on the original execution value of the property (see "Industry Overview – The Netherlands – Dutch Banking Industry – Residential Mortgages") at 30 June 2009:

Loan-to-value ⁽¹⁾	Percentage of mortgage loan portfolio
Guaranteed ⁽²⁾	32
Not guaranteed, loan-to-value ratio < 70%	9
Not guaranteed, loan-to-value ratio 70% – 90%	12
Not guaranteed, loan-to-value ratio 90% – 100%	5
Not guaranteed, loan-to-value ratio 100% – 110%	8
Not guaranteed, loan-to-value ratio 110% – 120%	16
Not guaranteed, loan-to-value ratio > 120%	18

(1) Includes mortgage loans originated by Amstelhuys, but does not include EUR 109 million in mortgage loans to private banking customers, which are serviced by the private banking department in the Netherlands.

(2) Guaranteed by the National Mortgage Guarantee (*de Nationale Hypotheek Garantie*).

In line with the Dutch market, the Group's average loan-to-value ratio for its mortgage loan portfolio in the Netherlands is relatively high as borrowers seek to benefit from certain tax advantages of Dutch mortgage loans.

Deposits

In the Netherlands, the Group offers a number of deposit products, including direct access internet savings accounts, direct internet savings accounts with limited monthly deposits, time deposits (long-term savings accounts typically from six months to two years), *bancaire lijfrente* and tax-advantaged savings accounts, including *levensloop* and *spaarloon* products. As at 30 June 2009, the majority of the deposits were direct access internet savings accounts (EUR 724 million) and time deposits (EUR 541 million).

Bancaire lijfrente

This product comes in two forms, as a long-term savings and investment product (deferred annuity) or as a temporary immediate annuity. Both provide economic returns to customers that are similar to, and otherwise substitute for, individual life annuity products. Due to legislative changes in the Netherlands in 2008, *bancaire lijfrente* is now as tax-efficient as life insurance products, enabling the Group's banking business line to offer it at terms competitive with individual life insurance. The savings parts of *bancaire lijfrente* can be used for funding mortgage loans or other banking activities similar to long-term deposits.

As a result, *bancaire lijfrente* is an attractive source of funding for the Group's banking business line and a key component of its overall banking strategy in the Netherlands, although the product has reduced demand for the Group's individual life insurance policies. The Group is actively pursuing the opportunity presented by this market and is focused on promoting *bancaire lijfrente* while reducing focus on individual life insurance policies. The Group's banking business held a 14.1% market share in the Netherlands for deferred annuity *bancaire lijfrente* in terms of sales in 2008 (source: CBS, April 2009).

Although *bancaire lijfrente* is a banking product, it is targeted toward customers of individual life insurance products. As a result, the Group's banking business line distributes *bancaire lijfrente* through the channels that the Group usually uses to distribute life insurance under the Delta Lloyd and OHRA brands. In this way, customers seeking individual life insurance are presented with *bancaire lijfrente*, often with an additional term assurance policy, as an alternative solution.

Mortgage loan repayment products

Due to the legislative change in the Netherlands in 2008, mortgage loan repayments through savings or investment accounts now benefit from the same tax advantages as life insurance products. In response, the Group introduced banking products in 2008 which aid customers in repaying their mortgage loans early. See “Industry – Dutch Banking Industry”.

Funding

As a result of the securitisation market being recently inactive, the Group’s primary source of funding for its Dutch banking operations (including Amstelhuys) has shifted since 2007 from the securitisation of mortgage loans through Amstelhuys, to alternative sources including intercompany loans, savings and deposits, and the repo of certain notes from Amstelhuys’ securitisations conducted in 2007. However, the Group expects to undertake a new securitisation transaction before the end of 2009.

Given the Dutch banking business’s current emphasis on *bancaire lijfrente*, the Group expects their share of total deposits to grow. In the six months ended 30 June 2009, savings deposits have grown by 54% to EUR 1,951 million.

The table below shows the sources of funding for the Dutch banking business (including Amstelhuys) as at 30 June 2009:

As at 30 June 2009		
Source of funding	Value	Percentage of total
<i>(EUR million except percentages)</i>		
Notes ⁽¹⁾	4,366	45.9
Deposits	1,951	20.5
Intercompany funding	1,351	14.2
Interbank ⁽²⁾	734	7.7
ECB	500	5.3
Repos ⁽³⁾	355	3.7
Current accounts	256	2.7
Total	9,512	100.0

(1) Includes EUR 659 million in mortgage-backed securities issued under the Group’s securitisation programmes but retained by the Group.

(2) Includes a EUR 490 million intercompany loan from the Group’s Belgian bank and from the Group’s private bank in Germany.

(3) Includes the repo of a mortgage-backed note issued under the Group’s securitisation programme in 2007.

Assets under management

The Group’s banking business line in the Netherlands manages EUR 1.5 billion in assets under management, including 0.8 billion in third party assets under management, as at 30 June 2009. These assets under management are not included in the portfolio of the Group’s fund management business line. See “– Fund Management – Overview”.

The table below shows the breakdown of third party assets under management in the Group’s banking business line in the Netherlands by asset class as at 30 June 2009 and as at 31 December 2008, 2007 and 2006:

Third party assets under management	As at 30 June	As at 31 December		
	2009	2008	2007	2006
<i>(EUR million)</i>				
Equity	216	185	456	387
Cash	135	101	140	160
Mixed funds	92	93	50	158
Fixed income	78	78	92	126
Total (excluding private banking department)	534	469	762	873
Private banking department	267	264	330	302
Total	801	733	1,092	1,175

Investment Portfolio

The investment portfolio of the Dutch banking business is managed in close cooperation with the fund management business line. The Group took EUR 7.3 million in impairments on the investment portfolio as at 30 June 2009 and EUR 13.3 million in the year ended 31 December 2008. As at 30 June 2009, the majority of the impairments were related to the CDO portfolio (EUR 16 million) and a further impairment of EUR 5 million was taken for corporate securities.

The table below shows a breakdown of the components of the Delta Lloyd Bank Netherlands investment portfolio as at 30 June 2009:

Delta Lloyd Bank Netherlands	As at 30 June 2009
	(EUR million)
Securitised assets	489
Sovereigns	195
Corporate credits	43
Derivatives	-68
Total	660

Belgium

Products

The Group offers retail, private and commercial banking products and services through its Belgian bank, targeting the retail as well as the SME market. Delta Lloyd Bank Belgium has a bank branch network throughout Belgium. The Group's primary banking product groups in Belgium are:

- *Loans:* Retail loans offered include mortgage loans and consumer loans. The Group also offers commercial loans in Belgium, mainly to SMEs and institutional customers. As at 30 June 2009, the loan portfolio consisted of EUR 3,107 million in mortgage loans, EUR 1,349 million in commercial loans and EUR 342 million in consumer loans.
- *Deposits:* Deposits offered include short- and long-term deposits, ranging from one week to ten years, current accounts and savings accounts. As at 30 June 2009, Delta Lloyd Bank Belgium had a deposit portfolio of EUR 4,229 million.
- *Payment services:* Delta Lloyd Bank Belgium provides national, international, internet, debit and credit card payment services. Approximately 16 million outgoing national payment transactions and 91,000 international payments were handled in 2008.

In addition, Delta Lloyd Bank Belgium also offers private banking products which are investment-based discretionary fund management mandates, with offerings in mutual funds, bonds and equities. As at 30 June 2009, it had EUR 4,037 million in third party assets under management. Delta Lloyd Bank Belgium had 1.5% and 2.8% market shares, respectively, in terms of savings and mortgage loans in 2007 (source: 2007 Report by the Belgian Federation for the Financial Sector, December 2008).

Loans

The table below shows a breakdown of the components of the loan portfolio for the Group's Belgian banking business as at 30 June 2009:

Loan category	As at 30 June 2009	
	Value	Percentage of total
	(EUR million except percentages)	
Mortgage loans	3,107	64.5
Commercial loans	1,349	28.0
Consumer loans	342	7.1
Other	21	0.4
Total	4,819	100.0

The table below shows the percentage of arrears of the Group's mortgage loans, commercial loans and total loan portfolio in Belgium as at 30 June 2009:

Arrears	As at 30 June 2009		
	Mortgage Loans	Commercial Loans	Total Loan Portfolio
	(%)		
< 3 months	0.12	0.83	0.37
3 to 6 months	0.03	0.13	0.07
6 to 12 months	0.00	0.12	0.04
> 12 months	0.01	0.07	0.03
Total	0.16	1.15	0.51

Payment Services

Payment services offered by the Group in Belgium include debit cards, credit cards, wire transfers (national and international, through either the internet or a branch), recurrent direct debit payments and standing orders, internet banking and Isabel (a dedicated software package for institutions and corporations which allows for generating and managing direct debit transactions or other payment services).

Funding

The Group's Belgian banking business funds its banking operations primarily through deposits, including time deposits, instant access savings and current accounts. In addition, it has sold EUR 953 million in notes backed by mortgages.

The table below shows the sources of funding for the Belgian banking business as at 30 June 2009:

Source of funding	As at 30 June 2009	
	Carrying Value	Percent of total
	(EUR million, except percentages)	
Time deposits	1,369	26.4
Savings	1,945	37.5
Current accounts	915	17.7
Deposits	4,229	81.6
Notes	953	18.4
Total	5,182	100.0

Assets under management

The Group's banking business line in Belgium manages EUR 4.0 billion in third party assets, which are not included in the portfolio of the dedicated fund management business line. See "Fund Management – Overview".

The table below shows third party assets under management for the Group's banking business line in Belgium by asset class as at 30 June 2009 and as at 31 December 2008, 2007 and 2006:

	As at 30 June	As at 31 December		
	2009	2008	2007	2006
	(EUR million)			
Fixed income	2,698	3,705	3,692	2,977
Equity	80	247	286	290
Real estate	—	—	—	—
Mixed funds	1,259	1,292	1,234	1,606
Funds managed for Delta Lloyd Belgium ⁽¹⁾	—	-1,174	-1,001	-735
Total	4,037	4,070	4,211	4,138

(1) The Group's banking business line in Belgium no longer manages assets for Delta Lloyd Belgium.

Investment Portfolio

The Group's banking business line in Belgium manages its own investment portfolio, the majority of which are government or government-related securities. There are no CDO investments and no impairments were taken in recent years in the Belgian investment portfolio. The table below shows a breakdown of the components of the Delta Lloyd Bank Belgium investment portfolio as at 30 June 2009:

Delta Lloyd Bank Belgium	As at 30 June 2009
	(EUR million)
Sovereigns	524
Corporate credits	270
Equity investment funds	3
Total	797

INVESTMENTS

Overview

The overall financial strength of the Group and the results, both current and future, are in part dependent upon the quality and performance of its various investment portfolios. For further information on how the Group manages its investments, see "Risk Management".

Own risk portfolio

The tables below shows the reconciliation of the carrying value from the Group's total assets under management to its own risk portfolio as at 30 June 2009 and 31 December 2008:

Own risk portfolio	Carrying Value as at	
	30 June 2009	31 December 2008
	(EUR million)	
Total assets under management	66,257	63,667
Off-balance sheet assets	-9,388	-8,386
Short-term investment deposits	-443	-528
Total balance sheet investments⁽¹⁾	56,426	54,754
Deposits and owner occupied property	973	2,587
Balance sheet investments excluding deposits and owner occupied property	57,398	57,341
Elimination of investments other than own risk:		
Mortgage loans	-13,812	-13,255
Separate accounts	-3,414	-3,775
Unit-linked portfolio	-7,680	-7,059
Consolidation investment funds	-730	-611
Subordinated loans	-500	—
Commercial loans	-2,100	-1,870
Various	22	-155
Own risk portfolio⁽²⁾	29,184	30,617

(1) Includes joint venture, associates and subsidiaries.

(2) Although not included in the Group's own risk portfolio, the Group also has exposure to unsecuritised mortgage loan assets, subordinated loans, commercial loans and other assets included in the Group's balance sheet.

Asset Allocation

The table below presents the Group's own risk portfolio by asset class as at 30 June 2009 and 31 December 2008:

Asset class	As at 30 June 2009		As at 31 December 2008	
	Carrying Value	Percent of total	Carrying Value	Percent of total
	(EUR million, except percentages)			
Bonds	20,443	70	19,911	65
Prefs	318	1	302	1
Other	4	—	—	—
Fixed income	20,766	71	20,214	66
Fixed income derivatives	156	1	614	2
Equity	3,561	12	3,384	11
Equity options	122	—	374	1
Real estate	2,981	10	2,899	9
Alternatives	692	2	750	2
Mixed funds	110	—	99	—
Cash & Deposits	796	3	2,283	7
Total	29,184	100	30,617	100

Bonds

As at 30 June 2009 and 31 December 2008, the Group's own risk bond portfolio had a value of EUR 20,443 million and EUR 19,911 million, respectively. The bond portfolio is actively managed in house by an experienced team of fixed income specialists. The team consists of both interest rate and credit portfolio managers. The interest rate risk is closely hedged against the liabilities and actively managed within tight limits by using different instruments including

different derivative instruments. The portfolio has a conservative credit profile, while the above average liquidity gives enough flexibility for active management.

The table below presents the composition of the Group's own risk bond portfolio by rating category based on carrying value as at 30 June 2009 and 31 December 2008:

Ranking category	As at 30 June 2009 ⁽¹⁾		As at 31 December 2008 ⁽¹⁾	
	Carrying Value	Percent of total	Carrying Value	Percent of total
<i>(EUR million, except percentages)</i>				
Aaa/AAA	11,107	54	10,363	52
Aa/AA	4,698	23	6,034	30
A/A	2,769	14	2,034	10
Baa/BBB	1,037	5	718	4
Less than Baa/BBB	39	—	17	—
Non-rated	794	4	745	4
Total	20,443	100	19,911	100

(1) In case of split ratings, the non-linear variant of WARF or weighted average rating factor is used for categorisation.

The table below presents the scheduled maturities for the Group's own risk bond portfolio as at 30 June 2009 and 31 December 2008:

Scheduled maturity	As at 30 June 2009		As at 31 December 2008	
	Carrying Value	Percent of total	Carrying Value	Percent of total
<i>(EUR million, except percentages)</i>				
Due in one year or less	553	3	1,146	6
Due after one year to five years	5,922	29	4,654	23
Due after five years to ten years	6,067	30	5,623	28
Due after ten years to 20 years	4,277	21	4,656	23
Other	3,625	18	3,832	19
Total⁽¹⁾	20,443	100	19,911	100

(1) Bonds exclude money-market and fixed-income instruments as well as debt and receivables from unsettled transactions.

The following table presents the breakdown of the Group's own risk bond portfolio by asset type:

Own risk bond portfolio	As at 30 June 2009
<i>(EUR million)</i>	
Sovereigns	9,423
Corporate credits	4,316
Sub-sovereigns ⁽¹⁾	3,397
Securitised assets ⁽²⁾	1,665
Covered Bonds	1,643
Total	20,443

(1) Includes bonds issued by local governments and bonds guaranteed or issued by entities guaranteed by governments, such as government agencies, public banks or supranational entities.

(2) Includes bonds secured against specific assets or receivable (asset-backed securities), mortgage loans (mortgage-backed securities) or cash flows from a whole business segment (whole business securitisations), in each case via a special purpose vehicle.

The tables below present the ten largest issuers of the Group's own risk bond portfolio and their weighted average rating, as at 30 June 2009 and 31 December 2008:

As at 30 June 2009		
Issuer	Carrying Value	Weighted Average Rating ⁽¹⁾
<i>(EUR million, except weighted average rating)</i>		
Germany	2,353	AAA
France	2,338	AAA
Italy	1,699	AAA
Group securitisations ⁽²⁾	1,095	AA1
Greece	778	A2
Austria	657	AAA
Rabobank	566	AAA
Belgium	512	AA1
The Netherlands	420	AAA
European Investment Bank	403	AAA
Total top ten issuers	10,821	
Total bond portfolio	20,443	

(1) A weighted average rating for each rating agency is calculated using market values based on a linear method. The ratings are on bonds, or in the absence of a bond rating, on the relevant issuer. Non-rated issues are disregarded. The linear method ascribes values to the ratings, e.g. AAA gets the value 1 and AA+ gets the value 2.

(2) Includes eight issuers of mortgage backed securities.

As at 31 December 2008		
Issuer	Carrying Value	Weighted Average Rating ⁽¹⁾
<i>(EUR million, except weighted average rating)</i>		
Italy	2,769	AA3
Germany	2,022	AAA
France	1,386	AAA
Belgium	1,105	AA1
Group securitisations ⁽²⁾	1,019	AA1
The Netherlands	666	AAA
Ireland	446	AAA
European Investment Bank	384	AAA
Gemeinsame Bunderlaender	254	AAA
Spain	239	AAA
Total top ten issuers	10,290	
Total bond portfolio	19,911	

(1) A weighted average rating for each rating agency is calculated using market values based on a linear method. The ratings are on bonds, or in the absence of a bond rating, on the relevant issuer. Non-rated issues are disregarded. The linear method ascribes values to the ratings, e.g. AAA gets the value 1 and AA+ gets the value 2.

(2) Includes eight issuers of mortgage backed securities.

The table below presents the Group's corporate credit portfolio as at 30 June 2009:

Sub-asset Mix	Sector	Market Value	Notional Value	% Market Value to Notional Value
<i>(EUR million, except percentages)</i>				
Financials				
	Banks	2,767	3,130	88.4
	Financial Services	475	554	85.7
	Securitised	64	63	101.6
	Insurance ⁽¹⁾	-365	-312	117.0
Financials Total		2,941	3,434	85.6
Non-Financials				
	Industrial Goods & Services	235	233	100.9
	Utilities	221	222	99.5
	Telecommunications	244	226	108.0
	Personal & Household Goods	143	136	105.1
	Food & Beverage	115	114	100.9
	Health Care	107	104	102.9
	Basic Resources	91	89	102.2
	Oil & Gas	68	68	100.0
	Automobiles & Parts	51	48	106.2
	Construction & Materials	27	29	93.1
	Media	26	27	96.3
	Chemicals	26	25	104.0
	Retail	19	18	105.6
	Technology	1	1	100.0
Non-Financials Total		1,375	1,341	102.5
Grand Total		4,316	4,775	90.4

(1) Includes corporates issued by Delta Lloyd to Delta Lloyd Belgium for EUR 414 million in market to market and Delta Lloyd Schadeverzekering for EUR 103 million market values.

The table below presents the Group's holdings of asset-backed securities as at 30 June 2009:

As at 30 June 2009			
Asset-backed securities	Carrying Value	Notional Value	% Carrying Value to Notional Value
<i>(EUR million, except percentages)</i>			
RMBS	761	941	81
Postal Obligations (German Government Backed)	201	215	93
CDO/CLO	181	560	32
Transport	170	171	100
Credit Cards	88	87	100
Life Settlement Bond	62	97	64
CMBS	53	89	59
Credit Linked Notes	39	76	51
Equipment Lease	38	45	85
Student Loans	38	37	101
Other	35	66	53
Total	1,665	2,384	70

The table below presents the Group's total exposure by vintage to asset-backed securities as at 30 June 2009:

Market Value as at 30 June 2009							
Ratings Hierarchy ⁽¹⁾	2008	2007	2006	2005	Pre-2005	NA	Total
<i>(EUR million)</i>							
AAA	8	70	285	319	411	1	1,093
AA	39	43	9	15	85	–	191
A	23	34	8	18	18	1	101
BBB	–	135	10	20	16	–	180
Below IG & NR	23	4	6	55	8	3	99
Total	94	287	317	427	537	4	1,665

(1) Standard & Poor's, Moody's, Fitch Ratings, Internal.

Equity

As at 30 June 2009 and 31 December 2008, the Group's own risk equity portfolio included ordinary shares valued at EUR 3,561 million and EUR 3,384 million, respectively. The strategy for investment in equity is long-term and strategic, with an emphasis on value creation, and with the aim of using available tax exemptions. Therefore a significant part of the portfolio is invested in stakes of over 5% of issuer's total outstanding share capital in certain Dutch companies. The strategy is value based with an emphasis on management strength, balance sheet quality and dividend yield.

The following tables present the fair value of the equity, the percentage of ownership the Group has in the outstanding shares and the percentage of the carrying value of the Group's total equity investments that the issuer's shares represent, respectively, of the Group's ten largest own risk equity positions as at 30 June 2009 and 31 December 2008:

As at 30 June 2009			
Issuer	Carrying value	Percent of shares outstanding	Percent of total equity investments
<i>(EUR million, except percentages)</i>			
Van Lanschot Bankiers	445	30.65	11.5
Ahold	249	6.04	6.4
Royal Dutch Shell	182	0.16	4.7
DSM	104	6.16	2.7
Smit International	99	13.23	2.6
Boskalis	86	6.17	2.2
KPN	70	0.43	1.8
Binck Bank	70	10.03	1.8
Imtech	69	6.04	1.8
BAM Groep	64	8.15	1.7

As at 31 December 2008			
Issuer	Carrying value	Percent of shares outstanding	Percent of total equity investments
<i>(EUR million, except percentages)</i>			
Van Lanschot Bankiers	549	30.13	14.9
Ahold	251	6.03	6.8
Royal Dutch Shell	171	0.18	4.6
DSM	96	6.19	2.6
Boskalis	85	6.80	2.3
Smit International	82	13.23	2.2
SNS Reaal	80	8.79	2.2
Econcern	73	5.00	2.0
KPN	69	0.45	1.9
BAM Groep	61	7.03	1.7

Real Estate

As at 30 June 2009 and 31 December 2008, the value of the Group's own risk real estate portfolio was EUR 2,981 million and EUR 2,899 million, respectively. The Group's core real estate portfolio as at 30 June 2009 consisted of direct residential, commercial and office properties in the Netherlands (72.5%), Germany (22.5%) and Belgium (5.0%). Residential units account for over 40% of the Group's real estate portfolio. As at 30 June 2009, occupancy rates in the Netherlands were 98% for residential properties, 92% for offices and 98% for commercial properties. The real estate portfolio in Germany consists of offices rented to sub-sovereign institutions.

The Group'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, the Group seeks to be an active real estate fund manager for itself and for third parties. In addition, the Group seeks to develop and launch beneficial real estate investment opportunities for itself and third parties.

The table below represents the Group's real estate holdings by category as at 30 June 2009 and 31 December 2008:

Real Estate Categories	As at 30 June 2009		As at 31 December 2008	
	Carrying Value	Percent of total	Carrying Value	Percent of total
<i>(EUR million, except percentages)</i>				
Residential	1,246	41.8	1,237	42.7
Office	898	30.1	865	29.8
Commercial	837	28.1	797	27.5
Total	2,981	100.0	2,899	100.0

INFORMATION TECHNOLOGY

The Group has made, and continues to make, focused investment in its IT systems in order to support the Group's business units, as well as distributors and customers.

The Group's IT systems have grown organically along with the Group, with a mixture of in-house developments and package use. In addition, as part of the Group's sharing programme, several local IT departments have merged into one centralised Group IT department.

The Group considers having an efficient and up-to-date IT system as a strategic necessity. The reinforcement of the central IT organisation and strategic information management, the effectiveness of the general IT controls, the reduction of costs through, e.g., the rationalisation of legacy systems, and the many necessary adjustments due to legislative changes and chain integration make IT increasingly critical to the Group's success.

The current IT strategy includes the following elements:

- product, process and IT rationalisation to reduce the complexity of applications and infrastructure;
- simplifying Group IT organisation such that it is organised along the Group's major business lines, resulting in reduced IT costs and better alignment between business and IT;
- standardisation and improvement of IT processes including business architecture, application architecture, portfolio management and incident management;
- controlled development and innovation of e-business, document management and application integration; and
- professionalisation of the Group's IT organisation to increase productivity, quality and execution power.

The Group terminated its outsourcing contract with IBM for the Group's Data Centre, workplace services, telecommunications and helpdesk IT services on 1 July 2009, returning to the Group's IT department the responsibility for the Data Centre, workplace services, telecommunications and helpdesk IT services. Following this termination, the Data Centre and workplace services were transferred from IBM to the Group's IT department while telecommunications services were outsourced to KPN as of 1 January 2009 and helpdesk services to Centric as of 1 July 2009.

LITIGATION

Swiss Life Belgium

On 4 May 2006, Swiss Life Belgium was indicted in Belgium for violation of the Belgian Consumer Credit Act and the Trade Practices Act in relation to the alleged mis-selling of investment products by Spaar Select. The case also has a civil action component and as of today about 150 people have brought claims. The total amount of damages sought cannot be estimated at this stage. The civil case is stayed pending resolution of the criminal case.

Swiss Life Belgium was acquired from SNS Reaal in July 2008 and subsequently merged into the Group on 1 January 2009. On 7 May 2009, the criminal case against Delta Lloyd Belgium, as successor to Swiss Life Belgium, was dismissed. The public prosecutor, as well as the civil parties, appealed this decision. Their appeals are currently pending before the Chamber of Indictment, but have not yet been scheduled for hearing. Delta Lloyd Belgium is of the opinion that it has strong arguments to avoid a criminal conviction. However, in the event that the Chamber of Indictment does not uphold the dismissal on appeal, the Belgian banking, finance and insurance commission may impose certain sanctions on Delta Lloyd Belgium, including fines. Most of the civil parties have also introduced civil actions before the civil courts on the same grounds as in the criminal case. These civil actions are, however, suspended until the outcome of the criminal procedure. At this stage, the global amount of the claimed damages has not been detailed by the civil parties, and cannot be estimated by Delta Lloyd Belgium. Under the agreement with SNS Reaal regarding the sale and purchase of the entire share capital of Swiss Life Belgium, SNS Reaal has provided a specific indemnity limited in time and amount for damages with respect to the Spaar Select matter.

Vereniging van Gepensioneerden Delta Lloyd Groep – the Company and Stichting Pensioenfonds Delta Lloyd

Retired Group employees, represented by Vereniging van Gepensioneerden Delta Lloyd Groep have initiated proceedings against the Company and the Group's pension fund for employees, Stichting Pensioenfonds Delta Lloyd before the subdistrict court of Amsterdam. The Company resolved to change the current unconditional indexation to a conditional indexation which depends solely on the investment results of the pension fund from 1 January 2011 and onwards. Vereniging van Gepensioneerden Delta Lloyd Groep claims that the Company should guarantee an indefinite unconditional indexation of pensions.

On 27 January 2009, the subdistrict court ruled in an interlocutory judgment that the Company and Stichting Pensioenfonds Delta Lloyd has the right to change the unconditional indexation to a (investment-dependent) conditional indexation. However, the subdistrict court required more information, in order to be able to decide whether the changes to the indexation policy should also apply to pensioners participating in vested pension plans, before giving final judgment. In the same interlocutory judgment, the court ruled that the Company has satisfied the preconditions for the change of the indexation of pensions.

The Company and Stichting Pensioenfonds Delta Lloyd provided the subdistrict court with the requested information on 10 March 2009, following which the retired employees responded. Thereafter, the subdistrict court requested more information with respect to the pension regulations from the Company and Stichting Pensioenfonds Delta Lloyd. This information was provided on 11 August 2009. Vereniging van Gepensioneerden Delta Lloyd Groep now has the opportunity to respond to the information the Company and Stichting Pensioenfonds Delta Lloyd provided.

If the Company has to guarantee a prolonged unconditional indexation, the financial exposure is expected to be at most EUR 125 million.

Boekhoorn – Cyrte, Botman and the Company

On 9 May 2009, Mr. Boekhoorn initiated proceedings against the Company, Cyrte and the chief executive officer of Cyrte, Mr. Botman. Mr. Boekhoorn claims that 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 at any time.

Mr. Boekhoorn is seeking specific performance of the alleged agreement regarding the opportunity to sell the Telegraaf Media Groep shares back to Cyrte, failing which he is seeking damages for the loss that he has allegedly suffered due to the decline in the value of the Telegraaf Media Groep shares (being an amount of up to EUR 30 million as at 19 October 2009).

Cyrte, Mr. Botman and the Company contest the allegations of Mr. Boekhoorn that there was a verbal agreement with Mr. Boekhoorn regarding the purchase of the Telegraaf Media Groep shares and the opportunity to sell the shares back to Cyrte. Mr. Boekhoorn has the burden of providing evidence to the contrary and to prove the alleged loss.

Aviva – the Company

In 1973, at the time Commercial Union (now Aviva) became the Company's sole Shareholder, the Company was subject to the Dutch full large company regime. In connection with the acquisition by Commercial Union of all of the shares of the Company, the Company and Commercial Union agreed on certain arrangements regarding the Company's corporate governance and, ultimately, a set of documents was executed, involving the Company, Commercial Union and the trade unions. An important element of these arrangements was that the Company would continue to apply the full large company regime.

On 1 October 2004, the Dutch legislator introduced amendments to the Dutch large company regime (the **Dutch Structure Regime Reform Act**). Under the new Dutch large company regime, appointment of supervisory board members is not effected by controlled co-optation, but by a resolution of the general meeting of shareholders, albeit only on the basis of a nomination by the supervisory board itself. However, the Dutch Structure Regime Reform Act explicitly provides for the possibility to deviate from the new appointment system for supervisory board members, in particular to create the possibility for structure regime companies to maintain the system of controlled co-optation. Such a deviation requires (i) the approval of the supervisory board, (ii) the consent of the works council and (iii) an amendment to the articles of association confirming the (continued) application of the system of controlled co-optation. For a further description of the Dutch full large company regime, reference is made to "Description of Share Capital and Corporate Structure – Dutch Full Large Company Regime".

The Supervisory Board resolved to approve such continued application of the system of controlled co-optation, and the central works council (*centrale ondernemingsraad*) of the Company (the **Central Works Council**) also rendered its consent thereto. However, Aviva voted against a proposed amendment of the articles of association of the Company to that effect. Fonds NutsOhra, on the other hand, voted in favour of such an amendment. Because holders of the majority of the Company's Shares opposed the amendment to the articles of association, it was not passed.

The Company and Aviva made various attempts out of court to resolve the dispute regarding the Company's governance in an amicable manner. However, in April 2006, the Company initiated proceedings against Aviva before the district court of Amsterdam. The parties exchanged their briefs and pleadings were held before the district court of Amsterdam. On 26 March 2008, the district court of Amsterdam rendered a judgment in the matter, in which it awarded the claim of the Company that Aviva should co-operate with an amendment of the articles of association of the Company, confirming that the system of controlled co-optation would be applied to the appointment of members of the Supervisory Board. Aviva has appealed against the judgment of the district court of Amsterdam and in June 2009 the Company filed a claim on cross-appeal. The Company, Aviva and the Selling Shareholder have entered into a settlement agreement, the purpose of which is to settle their dispute as per the Settlement Date and that the court proceedings will be ended. For further details see "– Material Contracts – Selling Shareholder and Aviva – Settlement agreement".

MATERIAL CONTRACTS

The following are contracts (other than those entered into in the ordinary course of business) that have been entered into by any member of the Group within the two years immediately preceding the date of this Prospectus which are material or which have been entered into by any member of the Group at any other time and which contain provisions under which any member of the Group has an obligation or entitlement that is material to the Group as at the date of this Prospectus.

Selling shareholder and Aviva

Settlement agreement

On 16 October 2009, the Company, the Selling Shareholder and Aviva entered into a Settlement Agreement for the settlement of the dispute with regard to the corporate governance arrangements of the Company, as described in "– Litigation – Aviva – The Company". In the settlement agreement, the Company, the Selling Shareholder and Aviva agreed to the full and final settlement (*finale kwijting*) of the dispute as per the Settlement Date and agreed that the proceedings currently pending before the Amsterdam court of appeal will be removed from the court docket at the earliest possible date after the Settlement Date. Furthermore, in the Settlement Agreement, the Company, the Selling Shareholder and Aviva agree that the strategic investment agreement between the Company, the Selling Shareholder and Aviva (the **Strategic Investment Agreement**), the amended Articles of Association, the amended Supervisory Board by-laws, the amended Supervisory Board committee by-laws and the amended Executive Board by-laws will constitute all corporate governance arrangements between them and that all other corporate governance agreements are thereby terminated by mutual consent.

Strategic Investment Agreement

On 16 October 2009, the Company, the Selling Shareholder and Aviva entered into the Strategic Investment Agreement. For further details see "Major Shareholders and Related Party Transactions – Strategic Investment Agreement".

Agreement for the sale and purchase of the preference shares B and of Ordinary Shares

In the context of the Offering, the Company, Aviva and the Selling Shareholder have agreed to restructure the preference shares B. On 16 October 2009, the Company, the Selling Shareholder and Aviva entered into a sale and purchase agreement with regard to this

restructuring. See “Capitalisation – Restructuring of Preference Shares A and Preference Shares B” and “Description of Share Capital and Corporate Structure – Composition of the Share Capital”.

Fonds NutsOhra

In the context of the Offering, the Company and Fonds NutsOhra have agreed to restructure the Preference Shares A. On 16 October 2009, the Company and Fonds NutsOhra entered into a sale and purchase agreement with regard to this restructuring. See “Capitalisation – Restructuring of Preference Shares A and Preference Shares B” and “Description of Share Capital and Corporate Structure – Composition of the Share Capital”.

Delta Lloyd ABN AMRO Verzekeringen

Acquisition of 51% of Delta Lloyd ABN AMRO Verzekeringen

On 19 March 2003, the Company entered into a share purchase agreement with ABN AMRO Bank and ABN AMRO Verzekeringen Holding B.V. to acquire 51% of ABN AMRO Verzekeringen Holding B.V., which was then renamed Delta Lloyd ABN AMRO Verzekeringen. The consideration for the acquisition consisted of a purchase price of EUR 241.1 million for the shares and (additional) deferred consideration payments made to ABN AMRO Bank for the financial years 2003 up to and including 2007. The business of Delta Lloyd ABN AMRO Verzekeringen is to develop, offer and underwrite insurance products marketed and sold through the ABN AMRO Bank distribution network to consumer, commercial, private and corporate customers of ABN AMRO Bank. Pursuant to the share purchase agreement, the Company and ABN AMRO Bank entered into a shareholders’ agreement, an agency agreement and an IT services and transition agreement.

Shareholders’ agreement

On 19 March 2003, the Company and ABN AMRO Bank entered into a shareholders’ agreement regarding Delta Lloyd ABN AMRO Verzekeringen with an addendum to such agreement on 31 December 2008. The governance structure of Delta Lloyd ABN AMRO Verzekeringen is based on a balanced model of equality but the Company has management control in and fully consolidates Delta Lloyd ABN AMRO Verzekeringen. The dividend policy target of Delta Lloyd ABN AMRO Verzekeringen is to distribute, to the extent permitted by law and subject to its articles of association, 50% of its net profits in respect of each financial year as soon as the solvency multiple of the required minimum margin of 150% in respect of the life insurance business is achieved by Delta Lloyd ABN AMRO Verzekeringen. The shareholders’ agreement has an initial term of 30 years and expires on 1 January 2033. The Company and ABN AMRO Bank shall review Delta Lloyd ABN AMRO Verzekeringen on 1 January 2015 and 1 January 2021. Upon such review, both parties are entitled to terminate the shareholders’ agreement after an 18-month notice period. The shareholders’ agreement may also be terminated early in the event of, *inter alia*, a deadlock, a persistent default or a change of control in the ultimate holding companies of ABN AMRO Bank or the Company. However, in the addendum to the agreement, the parties agreed that ABN AMRO Bank shall not terminate the shareholders’ agreement due to a change of control in the ultimate holding companies of ABN AMRO Bank or the Company prior to, or on the basis of facts and circumstances existing prior to, 1 January 2015, unless the Company requests ABN AMRO Bank to do so in the event that either ING Bank N.V. or Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank) becomes the ultimate holding company of ABN AMRO Bank. Upon expiry of the initial term or in case of early termination the shares in Delta Lloyd ABN AMRO Verzekeringen held by the Company shall be sold and transferred to ABN AMRO Bank for a price further set out in the shareholders’ agreement. The addendum further provides that, if and to the extent the activities of Fortis Bank Nederland (and its subsidiaries) are integrated with the activities of ABN AMRO Bank, ABN AMRO Bank will be obligated to market and sell Delta Lloyd ABN AMRO Verzekeringen’s products through such extended distribution networks. Delta Lloyd ABN AMRO Verzekeringen shall not, at the time of

integration, immediately convert the insurance portfolio from ASR Verzekeringen consisting of Fortis Bank Nederland customers.

Agency agreement

On 19 March 2003, the Company and ABN AMRO Bank entered into an agency agreement. The agency agreement covers the exclusive sale and distribution by ABN AMRO Bank, as an insurance intermediary, of the life and general insurance products offered and underwritten by Delta Lloyd ABN AMRO Verzekeringen or certain insurance companies (being ABN AMRO Assuradeuren B.V., ABN AMRO Levensverzekering N.V., ABN AMRO Schadeverzekering N.V. and ABN AMRO Verzekeringen B.V.) to all customers of ABN AMRO Bank in the Netherlands for the account and risk of Delta Lloyd ABN AMRO Verzekeringen. The agency agreement has the same term and termination provisions as the shareholders' agreement.

IT services agreement

On 19 March 2003, the Company and ABN AMRO Bank also entered into an IT services and transition agreement. Delta Lloyd ABN AMRO Verzekeringen requires the use of ABN AMRO Bank IT services to perform its obligations under the agency agreement and the shareholders' agreement for a transitional period following completion of the shareholders' agreement after which the IT systems of Delta Lloyd ABN AMRO Verzekeringen will be migrated to the IT systems of the Company or to Delta Lloyd ABN AMRO Verzekeringen's own system. There was a delay in the IT migration and the Company paid a compensation of approximately EUR 27.5 million to ABN AMRO Bank for the full and final settlement of any claim of ABN AMRO Bank in respect of the Company and/or Delta Lloyd ABN AMRO Verzekeringen for the delay in IT migration. The IT services and transition agreement has the same term and termination provisions as the shareholders' agreement.

CZ

Sale of the Health Companies

On 14 December 2007, Delta Lloyd Groep Zorgverzekeringen B.V. (**Delta Lloyd Groep Zorgverzekeringen**) and several of the Group's other subsidiaries entered into a share purchase agreement with CZ to sell all shares in the capital of Delta Lloyd Zorgverzekering N.V. (**Delta Lloyd Zorgverzekering**), OHRA Ziekttekostenverzekeringen N.V. and OHRA Zorgverzekeringen N.V., respectively (together the **Health Companies**) to CZ, for EUR 25 million increased by the amount equal to the aggregate sum of the equity capital of each of the Health Companies as of the transfer date. The Company is a party to the share purchase agreement as guarantor. The labels, names and brands of the health insurance division of the Group and its distribution activities were excluded from the sale. The shares were transferred on 1 January 2009.

Pursuant to the share purchase agreement, the parties agreed on the management of in-force insurance prior to the transfer date (known as the "run-off" portfolio). CZ is responsible for managing the run-off portfolio at the risk and expense of Delta Lloyd Groep Zorgverzekeringen. Under the contract, Delta Lloyd Groep Zorgverzekeringen has retained both the benefits and risks associated with the business of the Health Companies prior to the transfer date. Following the transfer date, all the benefits and risks associated with the business of the Health Companies are at the risk and expense of CZ. Pursuant to the share purchase agreement, the parties also entered into two distribution agreements, a cross-sell agreement and an asset management agreement. The Company and Delta Lloyd Groep Zorgverzekeringen have given customary warranties. Warranty claims can be made until 1 January 2012 and are not limited in their amount but are subject to a minimum amount of EUR 250 thousand. The Company and Delta Lloyd Groep Zorgverzekeringen have also indemnified CZ against any tax liabilities relating to the period before 1 January 2009 and any tax liabilities arising from damages paid under any insurance policies relating to the period before 1 January 2009.

Distribution agreement for health insurance products

The Company, Delta Lloyd Verzekeringen, OHRA and Delta Lloyd ABN AMRO Verzekeringen (together the **Delta Lloyd Health Distributors**) entered into a distribution

agreement with CZ and the Health Companies in connection with the development and execution of certain health insurances by CZ and the Health Companies and the marketing and distribution of those health insurances by the Delta Lloyd Health Distributors under the following labels: (i) ABN AMRO Insurance, (ii) Delta Lloyd, (iii) OHRA, (iv) Kruidvat, (v) Independer and (vi) Lancyr. CZ and the Health Companies are the insurers of these products and bear all risk associated with them. CZ and the Health Companies determine the premiums payable by customers for these products, although the Delta Lloyd Health Distributors are entitled to determine the amount of the surcharge to cover their labelling, distribution and commission costs, as well as the potential discounts. Premiums are collected by CZ and the Health Companies and the surcharge is paid to the Delta Lloyd Health Distributors as commission. The agreement was entered into on 14 December 2007 and became effective on 1 January 2009 for an initial period of ten years after which the agreement will automatically be extended for periods of ten years unless an interim evaluation of the arrangements in 2018 results in its termination by either party after a five-year notice period following such evaluation. In addition to certain standard early termination provisions, CZ may terminate the agreement if the control over the Company or the Group is transferred to a third party which has 100,000 or more health insurance policies in its (group) portfolio. Furthermore, the agreement terminates automatically in respect of the ABN AMRO labelled products upon termination of the Company's joint venture with ABN AMRO Bank. For the duration of the agreement, none of the Delta Lloyd Health Distributors, or any of their group companies, may market or distribute any health insurances other than those made available by CZ and the Health Companies under this agreement.

Distribution agreement for loss of income related products

The Company, Delta Lloyd Verzekeringen and OHRA entered into a distribution agreement with CZ and the Health Companies in connection with the development and execution by the Group and the marketing and distribution by CZ and the Health Companies under CZ labels (CZ and CZ Bedrijf en Gezondheid) of loss of income related insurances. The insurances include loss of income related insurance against inability to work and absence of employees and insurances related to the Dutch Work and Income Act (*Wet Werk en Inkomen naar Arbeidsvermogen*). The Company, Delta Lloyd Verzekeringen and OHRA are the insurers of these products and bear all risks associated with them. CZ and the Health Companies are paid a commission which is in line with market conditions for such loss of income related insurances sold under a CZ label. The agreement was entered into on 14 December 2007 and became effective on 1 January 2008 for an initial period of 11 years, after which the agreement will automatically be extended for periods of ten years unless an interim evaluation of the contemplated cooperation in the agreement in 2018 results in its termination by either party after a five-year notice period following such evaluation. In addition to certain standard early termination provisions, CZ may terminate the agreement if the control over the Company or the Group is transferred to a third party which has 100,000 or more health insurance policies in its (group) portfolio. For the duration of the agreement, CZ and the Health Companies may not market or distribute any loss of income related insurances other than those made available by the Company, Delta Lloyd Verzekeringen and OHRA under this agreement.

Cross-sell agreement

The Company, Delta Lloyd Verzekeringen, OHRA, Delta Lloyd ABN AMRO Verzekeringen and Delta Lloyd Bank Netherlands entered into a cross-sell agreement with CZ in connection with the undertaking of CZ to use its best endeavours to enable the Company, Delta Lloyd Verzekeringen, OHRA, Delta Lloyd ABN AMRO Verzekeringen and Delta Lloyd Bank Netherlands to cross-sell their banking, investment and insurance products and services (excluding health and loss of income related insurances, products and/or services) to CZ customers. No commission or other compensation is payable to CZ under this agreement. CZ may not use the customer database of the Company, Delta Lloyd Verzekeringen, OHRA, Delta Lloyd ABN AMRO Verzekeringen and Delta Lloyd Bank Netherlands for cross-selling its products and services to their customers. The agreement was entered into on 14 December 2007 and became effective on 1 January 2008 for an initial period of 11 years, after which the

agreement will automatically be extended for periods of ten years unless an interim evaluation of the contemplated cooperation in the agreement in 2018 results in its termination by either party after a five-year notice period following such evaluation. In addition to certain standard early termination provisions, CZ may terminate the agreement if the control over the Company or the Group is transferred to a third party which has 100,000 or more health insurance policies in its (group) portfolio. For the duration of this agreement, CZ may not cross-sell products similar to the products of the Company, Delta Lloyd Verzekeringen, OHRA, Delta Lloyd ABN AMRO Verzekeringen and Delta Lloyd Bank Netherlands governed under this agreement to any of its customers.

Asset management agreement

Delta Lloyd Asset Management and CZ entered into an asset management agreement in terms of which CZ undertakes to order its fiduciary manager to place the management and the investment of the capital of Delta Lloyd Zorgverzekering, OHRA Ziektekostenverzekeringen N.V. and OHRA Zorgverzekeringen N.V. with Delta Lloyd Asset Management. CZ also agrees to endeavour to place the management and the investment of some of CZ's capital with Delta Lloyd Asset Management, as soon as the current agreement between CZ and its fiduciary manager allows CZ to do so. However, it is not expected that the management or investment of some of CZ's capital will be placed with Delta Lloyd Asset Management before 2012. Fees that are in line with market conditions are payable under the agreement. The agreement was entered into on 14 December 2007 and became effective on 1 January 2009 for an indefinite period of time and can be terminated with immediate effect on limited termination grounds.

Acquisition and Merger of Swiss Life Belgium

On 13 March 2008, Delta Lloyd Houdstermaatschappij België BV entered into a sale and purchase agreement with SNS Reaal N.V. to acquire all the shares in Swiss Life Belgium. The agreement was amended on 29 April 2008. Following the acquisition of all the shares in Swiss Life Belgium, a number of group companies controlled by Swiss Life Belgium were acquired as well. The total consideration after adjustments and including interest was EUR 141.9 million. In addition, subordinated shareholder loans granted by certain entities of the SNS Reaal N.V. group were transferred to Delta Lloyd Houdstermaatschappij België BV for a consideration of EUR 64.1 million.

Following its acquisition by Delta Lloyd Houdstermaatschappij België BV, Swiss Life Belgium merged with Delta Lloyd Belgium. The merger was decided upon in a notarial deed dated 30 December 2008, but was subject to the approval of the CBFA. Following the receipt of that final approval, the merger became effective on 25 June 2009. For accounting and tax purposes only, the merger is deemed to have retroactive effect as from 1 January 2009.

Selected Financial Information

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The selected financial information of the Group shown in the following tables includes:

- information extracted without material adjustment from the Group's audited consolidated financial statements as at and for the years ended 31 December 2008, 2007 and 2006 prepared in accordance with IFRS and audited by Ernst & Young for 2008 and by PricewaterhouseCoopers for 2007 and 2006, which are included elsewhere in this Prospectus;
- information derived from the Group's unaudited consolidated financial statements as at and for the six months ended 30 June 2009 and 2008 prepared in accordance with IAS 34 and reviewed by Ernst & Young – the unaudited financial statements include all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the interim results – the interim results are not necessarily indicative of results to be expected for a full year;
- information with respect to the Group's operational result, a non-GAAP measure, together with a reconciliation of operational result to the Group's IFRS result before tax from continuing operations, for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008 and 2007;
- information with respect to MCEV as at and for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008 and 2007; and
- other data and key ratios as at and for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006.

IFRS

IFRS					
	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(unaudited)				
	(EUR million)				
Gross written premiums	2,766.8	3,512.2	5,911.2	5,304.5	4,312.2
Total income	3,082.9	3,933.7	7,108.6	7,464.2	6,644.1
Total expenses	2,703.6	3,983.6	7,313.0	6,643.4	5,730.4
Result before tax⁽¹⁾	379.2	-50.0	-204.3	820.8	913.7

(1) Result before tax for the six months ended 30 June 2009 includes the result after tax for discontinued operations (EUR 34.7 million).

	IFRS				
	As at 30 June		As at 31 December		
	2009	2008	2008	2007	2006
	(unaudited)				
	(EUR million)				
Total assets	63,056.7	66,296.0	63,163.0	62,316.1	59,597.6
Insurance liabilities	33,442.3	34,196.2	33,811.5	31,292.1	31,097.1
Liabilities for investment contracts	3,392.2	3,180.8	3,326.7	2,209.7	2,721.1
Borrowings	8,321.6	9,017.7	8,540.2	9,472.2	9,074.4
Shareholders' equity ⁽¹⁾	3,656.2	3,850.9	3,018.3	4,836.0	4,522.7
Tangible shareholders' equity ⁽²⁾	3,323.7	3,585.6	2,757.5	4,630.6	4,360.3

(1) Shareholders' equity represents total capital and reserves and takes into account the Group's 51% stake in Delta Lloyd ABN AMRO Verzekeringen.

(2) Tangible shareholders' equity is calculated as the difference between shareholders' equity and goodwill and also takes into account the Group's 51% stake in Delta Lloyd ABN AMRO Verzekeringen.

IFRS result before tax from continuing operations					
Six months ended 30 June			Year ended 31 December		
	2009	2008	2008	2007	2006
(unaudited)					
(EUR million)					
Life insurance	400.5	-16.7	149.5	631.4	795.1
General insurance	9.0	15.3	-13.3	228.1	189.0
Fund management	8.5	10.7	12.6	34.2	54.5
Banking	-5.4	3.6	-162.7	7.2	26.5
Other ⁽¹⁾	-33.3	-62.8	-190.3	-80.0	-151.3
Total	379.2	-50.0	-204.3	820.8	913.7

(1) Other includes Group central costs and support services, as well as Amstelhuys (which is not consolidated with the Group's banking business line), together with any consolidation and elimination items.

Operational Result

Operational result as presented by the Group is a non-GAAP financial measure and is not a measure of financial performance under IFRS. The Group presents operational result because it is less affected than IFRS measures of performance by short-term external market impacts, and thus in the Group's view provides a better basis for assessing trends in the operational performance of the Group over time. A key aspect of the calculation of operational result is that it represents the normalised long-term performance of the Group's investment portfolio by substituting long-term investment return for the actual IFRS investment result which is subject to short term volatility. Operational result should not be considered in isolation as an alternative to result before tax or other data presented in the Group's financial statements as indicators of financial performance. Because it is not determined in accordance with IFRS, operational result as presented by the Group may not be comparable to other similarly titled measures of performance of other companies. For a discussion on how the Group calculates operational result and reconciles operational result to IFRS, see "Operating and Financial Review – Operational Result" and "Operating and Financial Review – Operational Result – Reconciliation of Operational Result to IFRS Result before Tax".

Operational result				
	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	(EUR million)			
Life insurance	187.0	155.2	356.6	401.3
General insurance	64.7	63.5	159.3	280.3
Fund management	8.5	10.7	12.6	34.2
Banking	5.9	-6.9	-18.0	0.9
Other ⁽¹⁾	-27.4	-69.9	-62.0	-55.4
Operational result before tax and minority interest	238.7	152.6	448.5	661.7
Illustrative tax ⁽²⁾	-60.9	-38.9	-114.4	-168.7
Minority interest	-19.1	-18.9	-30.7	-47.1
Net operational result⁽³⁾	158.7	94.8	303.5	445.9

(1) Other includes Group central costs and support services, as well as Amstelhuys (which is not consolidated with the Group's banking business line), together with any consolidation and elimination items.

(2) Represents taxation over the period using the statutory corporate tax rate of 25.5% in the Netherlands.

(3) Net operational result is operational result after tax and minority interest, and is used in determining the Group's dividend pay-out. See "Dividends and Dividend Policy".

Operational result reconciliation with IFRS result ⁽¹⁾				
	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	(EUR million)			
Operational result before tax and minority interest	238.7	152.6	448.5	661.7
- Long-term investment return ⁽²⁾	-265.2	-247.6	-545.5	-594.3
+ Actual return after profit sharing/ interest accrual ⁽³⁾	-893.3	-153.2	475.5	447.1
+/- Fair value adjustments liabilities ⁽⁴⁾	1,316.1	205.3	-367.5	353.3
+/- Non-operational items	-17.1	-7.0	-215.3	-47.0
Result before tax from continuing operations	379.2	-50.0	-204.3	820.8

(1) In reconciling operational result to result before tax, the Group subtracts the long-term investment return from the operational result, replacing it with the actual return made on the investment portfolio after profit sharing and interest accrual to the liabilities. These numbers may vary significantly as IFRS investment volatility is included in, and available-for-sale balance sheet movements are excluded from, this number. Fair value adjustment of the insurance liabilities as a result of the changes in the interest curve for valuation of these liabilities is excluded as are certain incidentals and expenses not included in the technical result.

(2) Long-term investment represents an approximation of the long-term return which is earned for the shareholders by the Group's fund management business line and excludes temporary fluctuation attributable to economic variances.

(3) Actual return after profit sharing/interest accrual is the actual return made on the Group's investment portfolio after profit sharing and interest accrual on liabilities. When calculating operational result, this actual return is replaced by the long-term investment return.

(4) Fair value adjustment liabilities comprise the fair value adjustment of insurance liabilities as a result of the changes in the interest curve for valuation of these liabilities. This is not included in the operational result.

MCEV

Embedded value is a valuation approach which focuses on the value to shareholders of expected future distributable earnings arising from an insurance company's in-force business, allowing for the risks to shareholders arising from uncertainty in the timing and amount of expected future distributable earnings. Embedded value reporting also focuses on the analysis of movement in shareholder value during a specific reporting period (referred to herein as "analysis of movement"), including the contribution arising from the sale of new business policies during a given reporting period. MCEV is a particular approach to embedded value where assets, liabilities and future cash flows are valued in line with market prices. This approach seeks to ensure that risks associated with the projected cash flows is calibrated to the market price for risk where this is reliably observable.

The MCEV results in this Prospectus have been prepared by the Group, and certain aspects have been reviewed by Towers Perrin in its capacity as consulting actuaries to the Group. The MCEV of the Group has been calculated in accordance with the MCEV Principles published on 4 June 2008 by the CFO Forum (which represents the chief financial officers of major insurers, including Aviva), except in certain circumstances. For a discussion on how the Group prepares MCEV results, see “Operating and Financial Review – Market-Consistent Embedded Value” as well as the report furnished by Towers Perrin included herein.

	MCEV			
	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	(EUR million)			
New business volumes (gross of minority interests)				
Single premiums	968	1,809	2,903	2,562
Regular premiums	119	99	245	233
PVNB ⁽¹⁾	2,050	2,881	5,121	4,574
New business value (gross of minority interests) ⁽²⁾	16.8	-45.5	-19.9	5.7
New business margins (PVNB basis)	0.8%	-1.6%	-0.4%	0.1%
Group MCEV operating earnings (net of minorities)	305	-13	207	N/A
Group MCEV total earnings (net of minorities) ⁽³⁾	723	-857	-2,132	N/A
Life MCEV ⁽⁴⁾ (net of minority interests)	4,090	3,954	3,245	5,043
Group MCEV ⁽⁵⁾ (net of minority interests)	4,141	4,857	3,348	5,965

(1) PVNB means present value of new regular premiums plus 100% of single premiums received during the period, calculated using assumptions consistent with those used to determine the value of new business.

(2) New business value is typically calculated based on the economic assumptions at the start of the applicable quarter. Exceptions are immediate annuities that are calculated based on investment returns at the start of the month of sale, and large group single premium contracts that are priced at actual market rates. For further details of the relevant assumptions see “Operating and Financial Review – Market-Consistent Embedded Value – Assumptions – Economic assumptions”. For all lines of business, new business value is calculated based on the non-economic assumptions at the end of the applicable reporting period.

(3) Group MCEV total earnings means earnings prepared on the MCEV basis for covered business and IFRS earnings for non-covered business. See “Operating and Financial Review – Market-Consistent Embedded Value – Group MCEV results”.

(4) Life MCEV comprises the value of covered business prepared on the MCEV basis as at the reporting date, which excludes non-covered business.

(5) Group MCEV is a measure of the total consolidated value of the Group with covered life business included on an MCEV basis and non-covered business included, with the exception of general insurance businesses, on an unadjusted IFRS net asset value basis. See “Operating and Financial Review – Market-Consistent Embedded Value – Group MCEV results”.

Other Data and Key Ratios

The table below shows other data and key ratios for the Group for the six months ended 30 June 2009 and 2008 and for the years ended 31 December 2008, 2007 and 2006.

	Other data and key ratios (%)				
	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
Assets under management⁽¹⁾	66,257.2	N/A	63,667.0	65,141.4	60,843.5
Combined ratio	99.1%	97.1%	96.5%	85.9%	89.2%
Return on equity	13.6%	-1.0%	-3.9%	16.8%	18.3%
Return on tangible equity⁽²⁾	15.0%	-1.1%	-4.1%	17.5%	19.0%
Group solvency ratio (regulatory)⁽³⁾	185%	264%	138%	294%	322%
Group solvency ratio (IFRS)⁽⁴⁾	252%	264%	197%	294%	322%

(1) This is not an IFRS line item. Assets under management comprises all assets actively managed or administered by or on behalf of the Group including those funds managed for third parties.

(2) Tangible equity only adjusted for goodwill.

(3) Group solvency ratio (regulatory) presents the Group's capital position on a regulatory basis as required under the Dutch Financial Supervision Act.

(4) Group solvency ratio (IFRS) presents the Group's capital position on an IFRS basis.

The following is a discussion of the Group's financial condition and results of operations as at and for the six months ended 30 June 2009 and 2008 and as at and for the years ended 31 December 2008, 2007 and 2006 and the material factors that have affected or that may affect the Group's ongoing and future operations.

The discussion of the Group's financial condition and results of operations is based on financial information extracted without material adjustment from the Group's unaudited interim accounts for the six months ended 30 June 2009 and 2008 (which have been prepared in accordance with IAS 34 as adopted by the EU and reviewed by Ernst & Young as stated in their report herein), and the Group's audited annual accounts for the years ended 31 December 2008, 2007 and 2006 which have been prepared in accordance with IFRS and audited by PricewaterhouseCoopers for 2007 and 2006 and Ernst & Young for 2008.

The MCEV results in this section have been prepared by the Group. The MCEV of the Group has been calculated in accordance with the MCEV Principles published by the CFO Forum (which represents the chief financial officers of major insurers, including Aviva), except as set out under "Areas of non-compliance with MCEV Principles" at the end of the "Market-Consistent Embedded Value" subsection. Aspects of the Group's MCEV calculation have been reviewed by Towers Perrin in its capacity as consulting actuaries to the Group and Towers Perrin's report is included herein.

Some of the information contained in this section, including information with respect to the Group's plans and strategies for its business and expected sources of funding, contain forward-looking statements that involve risk and uncertainties. Investors should read "Important Information – Forward-looking statements" for a discussion of the risks and uncertainties relating to those statements and should also read "Risk Factors" for a discussion of certain factors that may affect the Group's business, results of operations or financial condition.

OVERVIEW

The Group is a financial services provider offering life insurance, general insurance, fund management and banking products and services with its targeted markets being the Netherlands and Belgium. In 2008, the Group recorded gross written premiums of EUR 5,911 million. In the Netherlands, the Group was the fifth largest provider of life insurance by gross written premiums (third in group life and fifth in individual life), and the fourth largest provider of general insurance by gross written premiums (excluding health insurance) in 2007 (source: AM Jaarboek 2008). The Group's Dutch operations accounted for 77% of its total income for the year ended 31 December 2008 and the Belgian operations accounted for 14% of total income for the same period. The Group also has operations in Germany (9% of total income for the year ended 2008). The Group is considering its strategic options in Germany, which may include a sale. As at 30 June 2009, the Group had EUR 66.3 billion of assets under management, including EUR 34.6 billion managed by the Group's fund management business line, and EUR 31.7 billion managed by divisions under other business lines (including EUR 13.8 billion in mortgage loans).

The Group employs a multi-brand, multi-channel strategy in the Netherlands in order to position itself advantageously in different distribution channels and customer and pricing segments in the insurance market. The primary differences among the Group's three principal Dutch brands (Delta Lloyd, ABN AMRO Insurance and OHRA) result from the positioning, pricing, marketing and distribution of their products. Through the Delta Lloyd brand, the Group targets retail and commercial customers in the middle to premium range of the life and general insurance markets, distributing primarily through Intermediaries. Through the ABN AMRO Insurance brand, the Group generally targets individuals, but has some group and commercial customers, in the middle range of the life and general insurance markets, leveraging the distribution network of ABN AMRO Bank's Bancassurance. Through the OHRA brand, the Group offers commodity products in the life and general insurance markets, distributing primarily through direct channels such as call centres and the internet. In Belgium and Germany, the Group distributes its insurance products through Intermediaries and tied agents

(agents which sell only products of the Group). In Belgium, the Group also distributes through its own network of bank branches.

The Group has extensive distribution networks with large customer bases in the Netherlands and Belgium, which it believes will provide the platform for the Group to continue to grow in those mature markets. In addition, the Group has maintained a strong capital position through the recent economic downturn. The Group seeks to grow through a combination of organic growth and targeted acquisitions.

The Group's core business lines are the following:

- **Life Insurance:** The Group's life insurance operations are its primary business and accounted for 72% of the Group's net operational result for the six months ended 30 June 2009 and 73% for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "– Operational Result"). The Group offers, through its multiple brands, a range of products from commodity insurance products to tailor-made and often sophisticated insurance products, as well as commodity savings and financial planning services. Its core life insurance products include pension (in particular group pension) products and administration services for group customers and traditional and unit-linked life insurance and savings products for individual customers. The Group offers individual and group life insurance in the Netherlands principally under the Delta Lloyd, ABN AMRO Insurance and OHRA brands, utilising different customer and pricing strategies through Intermediaries (Delta Lloyd), Bancassurance (ABN AMRO Insurance) and direct (OHRA) distribution channels. In Belgium, the Group sells individual and group life insurance primarily under the Delta Lloyd Life brand, distributed through the Group's own network of bank branches and tied agents, as well as through Intermediaries. In Germany, the Group sells individual and group life insurance primarily under the Delta Lloyd brand, distributed through Intermediaries and, increasingly, tied agents. Life insurance generated EUR 1,937 million in gross written premiums in the six months ended 30 June 2009 and EUR 4,533 million in gross written premiums in the year ended 31 December 2008.
- **General Insurance:** The Group's general insurance operations accounted for 22% of the Group's net operational result for the six months ended 30 June 2009 and 28% for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "– Operational Result"). The Group offers a broad range of general insurance products, principally in the Netherlands, including products such as motor, fire, liability, income and absenteeism and marine/pleasure craft insurance policies. The Group's general insurance products are distributed to both private and commercial customers in the Netherlands under the Group's three principal brands using distribution channels similar to those used for its life insurance operations. Following the sale of the Group's Dutch health insurance business to CZ (with effect from 1 January 2009), the Group acts as a distributor of certain health insurance products underwritten by CZ which are sold under the Delta Lloyd and OHRA brands, for which the Group receives fees and commissions. In Belgium certain general insurance products (motor, liability and fire) are also offered through the Zelia brand. The Group does not offer its own general insurance products in Germany, but distributes insurance underwritten by third parties. General insurance generated EUR 830 million in gross written premiums in the six months ended 30 June 2009 and EUR 1,378 million in gross written premiums in the year ended 31 December 2008.
- **Fund Management:** Delta Lloyd Asset Management constitutes the Group's fund management business line, and accounted for 4% of the Group's net operational result for the six months ended 30 June 2009 and 3% for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "– Operational Result"). The fund management business line's product offerings include a range of third party investor funds for institutional and retail customers and discretionary mandates for institutional customers. The Group's fund management business line managed 77% of the Group's own risk assets as at 30 June 2009, as well as third party institutional and retail assets. Certain other business lines of the Group also manage assets which are accounted for

in those business lines. Delta Lloyd Asset Management has an advisory role for the assets managed by the other business lines. The fund management business line's total assets under management were EUR 34.6 billion as at 30 June 2009, of which EUR 12.0 billion were managed for third parties, and EUR 37.3 billion as at 31 December 2008, of which EUR 11.3 billion were managed for third parties.

- **Banking:** The Group's banking business line accounted for 2% of the Group's net operational result for the six months ended 30 June 2009 and had a negative contribution to the Group's net operational result for the year ended 31 December 2008 (excluding the negative contribution to net operational result of the Group's "Other" segment – see "– Operational Result"). The Group's banking business line offers a range of banking products and services in the Netherlands and Belgium. Its banking products and services in the Netherlands primarily include mortgage loans, as well as savings and *bancaire lijfrente* distributed through Intermediaries and direct channels. In the Netherlands, the Group uses Amstelhuys (a wholly-owned subsidiary of the Company which is not included in the banking business line) as originator of most of its residential mortgage loans and as a funding vehicle. In Belgium, the Group offers retail, private and commercial banking services through its own network of 93 branches, as well as through 157 tied agents and direct channels. The Group also has a small private bank in Germany. The banking loan portfolio of the Group's banking business line (which does not include Amstelhuys) as at 30 June 2009 was EUR 7,098 million, of which EUR 4,813 million were mortgage loans. The mortgage loan portfolio of Amstelhuys was EUR 6,360 million as at 30 June 2009, of which EUR 5,383 million was securitised.

GENERAL FACTORS AFFECTING RESULTS

Drivers of Profitability in the Group's Life Insurance Business

The Group's life insurance business writes a range of insurance and investment contracts. Different products offer differing benefits and costs to policyholders, and the drivers of financial performance and the accounting treatment of such products vary. A significant portion of the Group's life insurance business relates to long-term insurance products, which share some key characteristics with respect to profitability.

In particular, the primary driver of the Group's profitability with respect to long-term policies is the performance of the invested assets backing such policies, which comprise a significant portion of the Group's own risk portfolio. The profitability of a long-term policy depends fundamentally on the extent to which, over the life of the policy, the investment returns on own risk assets backing the policy and the premiums paid by the policyholder exceed the claims required to be paid to the policyholder and the Group's associated expenses and accounting impacts. These items comprise actual servicing costs as well as changes to liabilities resulting from changes to economic or operating assumptions from time to time. See "– Key Factors Affecting Results of Operations – Valuation and Classification of Assets and Liabilities". Thus, in addition to investment return, the profitability of long-term products will depend on the extent to which the current and projected levels of claims and service cost differ from those assumed by the Group in pricing those products. While long-term products would be expected to generate profits for the Group over time, they will generally be unprofitable at the outset of their contract term, as payments to policyholders and upfront expenses will typically exceed the Group's investment income and other returns for an initial period.

Certain long-term life insurance products that are particularly significant for the Group have specific features that have important effects on profitability.

- *Products with guarantees* – A significant portion of the Group's life insurance business relates to products that promise a guaranteed return to policyholders. Products with guarantees accounted for 45.2% and 45.5% of life insurance reserves as at 30 June 2009 and 31 December 2008, respectively. The Group sells two primary types of products with guarantees: annuity policies that guarantee specified payments over the life of the policyholder but provide for no other returns; and policies (including both unit-linked and traditional policies) that

guarantee a minimum level of return to the policyholder, but also provide for additional returns. In general, the profitability of products with guarantees will be affected to the extent that investment returns from own risk assets backing such policies do not exceed the guaranteed amounts due to the policyholder.

- *Products with profit sharing* – The Group writes long-term life policies in the Netherlands that provide policyholders a guaranteed minimum return (approximately 3 – 4%) combined with “profit sharing” to the extent that a standard market index (known as “u-yield”) exceeds a specified yield threshold. The profitability of these products therefore depends on the extent to which the actual investment return earned on the own risk assets backing the policy exceeds the contractual amounts allocable to the policyholder, as well as the extent of any excess investment return achieved on the own risk assets backing such policies.
- *Unit-linked products* – Unit-linked products are policies under which the returns to policyholders are based on the performance of the linked assets in which the premiums paid by policyholders are invested. Some of the Group’s unit-linked policies guarantee a minimum investment return or minimum accumulation at the end of the contract period (such policies accounted for 6.8% and 7.3% of life insurance reserves as at 30 June 2009 and as at 31 December 2008, respectively), while others do not (accounting for 14.8% and 13.6% of life insurance reserves in the same respective periods).

Movements in the value of policyholder risk assets backing unit-linked policies are matched by equivalent movements in the value of insurance liabilities. In general, the investment return on such assets has no impact on the Group’s profitability. Instead, the Group generates profit on unit-linked contracts in the form of annual management fees charged on the basis of the amount of assets backing such contracts. Such management fees will vary directly with the market value of such assets. To the extent minimum return guarantees are provided on unit-linked policies, profitability will be adversely impacted to the extent investment income on assets backing such policies does not exceed the amount of any current or future payments the Group is required to make to achieve the level of guaranteed return.

- *Group pension products* – Group pension insurance contracts are policies under which the insurer receives premium payments in return for making regular payments towards the insured’s pension liabilities. Such policies accounted for 39.9% and 40.9% of life insurance reserves as at 30 June 2009 and as at 31 December 2008, respectively. Single premium group pension contracts, which call for a single premium payment to be made at the start of the contract term have been particularly important to the Group’s insurance business. See “– Key Factors Affecting Results of Operations – Group Pension Insurance Contracts” below.

Where the pension liabilities assumed are significant, the initial premium payment on a single premium group pension contract can be very large. This emphasises the importance of the long-term performance of the Group’s own risk investment portfolio as a determinant of profitability. Changes in assumptions over time, particularly with respect to the longevity of annuitants, are also highly significant in determining the profitability of group pension products.

- *Death benefit and disability products* – The Group writes life insurance products offering protection against certain events such as disability or death, typically in the form of guaranteed, fixed payouts. Although the performance of own risk assets backing such policies is a factor in their profitability, profit generation depends more fundamentally on the Group’s ability to adequately assess the risk of a claim occurring – in particular, its ability to correctly project mortality and morbidity rates – as well as the ultimate amount of the claim. In this respect, these products are similar to some of the Group’s general insurance lines and, like them, the profitability of death benefit and disability products is significantly affected by competitive factors which impact pricing, and by origination and service expenses.

Drivers of Profitability in General Insurance

In general insurance, underwriting profits are influenced by changes in premium rates, as well as trends in claims frequency and inflation. Profit in the Group’s general insurance business line is measured primarily through the combined ratio, which compares the combination of net

claims and benefits paid, change in insurance liabilities and acquisition and other operating expenses against the Group's net premiums earned from general insurance. A combined ratio below 100% is indicative of an underwriting profit (without taking into account investment income). The Group's general insurance business line had a combined ratio of 99.1% for the six months ended 30 June 2009, and 96.5% for the year ended 31 December 2008.

The general insurance industry has historically been characterised by cyclicity, due to a changing focus between market share growth and underwriting profitability among market participants. The timing and extent of this cyclicity varies by product, and is particularly acute in the motor and fire product lines.

Overall, general insurance prices have been under pressure in recent years. This is in part a result of greater transparency in pricing, aided in particular by internet shopping and insurance price comparison sites. In addition, the general insurance industry has experienced growing turnover among customers as the ease of access to pricing information has improved and the term of general insurance policies has decreased. The Group expects its rate of turnover to increase once general insurance policyholders are allowed to terminate their policies on one month's notice beginning 1 January 2010. See "Industry Overview – The Netherlands – Dutch Insurance Industry".

The result of this pricing transparency and increased turnover has been lower prices and higher combined ratios in the general insurance industry, particularly with respect to commodity general insurance products such as motor and fire, prompting the Group to focus on reducing costs in order to sustain the profitability of its general insurance operations. These trends are likely to continue, and the Group expects that going forward cost efficiency will remain an important determinant of profitability in its general insurance business.

Demographic Trends

Demographic trends will affect the results of the Group's insurance operations insofar as they affect the universe of potential purchasers, and thus the demand for different types, of insurance products. Studies suggest that over the next decade the proportion of the population of the Netherlands over the age of 65 will increase. This exposes the Group to certain risks but also presents the Group with distinct opportunities. As the over-65 population of the Netherlands grows in absolute numbers as well as relative to the working age population, the Dutch state pension system will face increasing demands which it may not be able to meet. In the face of perceived increases in state pension risk, potential state pension beneficiaries are expected increasingly to seek tax efficient savings products and estate planning products from the private sector (source: CBS and Algemene Directie Statistiek).

At the same time, changing demographic trends may not correspond with the Group's expectations. Like others in the life insurance and pensions business, the Group has been particularly focused on changes in future expected levels of annuitant longevity. As part of its pension pricing and reserving policies, the Group assumes that rates of longevity continuously improve over time. Nonetheless, if improvements in longevity prove in the future to exceed the level of improvement anticipated in the reserves, this may give rise to the need to further strengthen reserves which could negatively affect the results from the Group's life insurance operations. See "Risk Factors – Financial Risks – Changes in longevity, mortality and morbidity experience may adversely affect the profitability of the Group".

Government Policy and Regulation

The Group's operating environment is shaped by government policy on insurance, banking, financial reporting and taxes and the regulatory regime in the jurisdictions in which it operates. At the EU level, regulation of the insurance and banking industries, both of which affect the Group, have been changing in recent years and the Group expects these regulations will continue to change. See "Supervision and Regulation". The European Commission is carrying out a wide-ranging review in relation to solvency margins and provisions (Solvency II). It is intended that the new regime for insurers and reinsurers (apart from very small firms) will apply more risk-sensitive standards to capital requirements, bring insurance regulation more

closely in line with banking and security regulation with a view to avoiding regulatory arbitrage, align regulatory capital with economic capital and bring about an enhanced degree of public disclosure on a yearly basis. The European Parliament and Council of the European Union approved the directive containing the framework principles of Solvency II on 22 April and 5 May 2009, respectively. Each Member State must bring into force implementing regulation by 31 October 2012. The directive lays down strict requirements that insurers (including the Group) will have to adhere to. It is still uncertain whether the Solvency II rules will be finalised before the EU's target deadline of 2012, as well as how the final form of those rules might look. The Group therefore cannot predict the exact impact that the rules will have on the Group, its business, capital requirements, financial condition, key risk management resources or results of operations. The Company intends to opt for an internal model to determine its regulatory capital under Solvency II. The Company has been using its own methodology to calculate required capital on an economic basis for a number of years. This required capital is used for internal risk management purposes and as a basis for reporting to the UK Financial Services Authority as part of Aviva's ICA reporting requirements. These methodologies will be reviewed for compliance with Solvency II. See also "[Risk Factors – Regulatory Risks – The European Commission is currently in the process of introducing a new regime governing solvency margins and provisions, the effect of which is uncertain](#)".

Recent changes to Dutch taxation of bank savings products led to the introduction of long-term savings and investment products known as *bancaire lijfrente*, which provide economic returns to customers that are similar to, and otherwise substitute for, individual life annuity products. The Group began offering *bancaire lijfrente* following the legislative change and believes this product will form a core component of its strategy for maintaining market share in the individual savings market. While this change in taxation allowed the Group to begin offering *bancaire lijfrente*, it also effectively opened the individual life insurance market in the Netherlands to competition from banks, exposing the Group to a greater number of potential competitors, and has already affected the market for individual life insurance and savings products.

The European Commission has also adopted amendments to the EU Capital Requirements Directive in response to the recent economic downturn, which will be implemented in 2010. See "[Supervision and Regulation – Regulation in the European Union](#)". As a result, minimum capital requirements for banks will be increased.

Competition

The markets for financial services in the Netherlands, Belgium and Germany are highly competitive. Many companies compete with the Group, including other insurance companies, mutual fund companies, investment management firms, commercial banks, and other financial institutions. The Group was one of the largest Dutch life insurance providers in 2008 measured on the basis of gross written premiums, but competes in the Netherlands, Belgium and Germany with numerous life insurance providers, a number of whom have operations that are comparable to, or larger than, the Group's operations in their size, scope and brand recognition. Some of these competitors offer similar products and use similar distribution channels. In addition, the Group expects that an anticipated regulatory change may allow Dutch pension funds to become direct competitors in the Netherlands, allowing such funds to underwrite and cross-sell additional life and general insurance products to their large existing customer bases. For a further description of competition in the Group's insurance markets, see "[Industry Overview](#)".

KEY FACTORS AFFECTING RESULTS OF OPERATIONS

Impact of the Recent Economic Downturn

Global financial markets have recently experienced extreme and unprecedented volatility and disruption. The recent economic downturn has had a severe impact on many of the world's largest commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies. Beginning in 2008, many of the world's developed economies, including

those of the Netherlands, Belgium and Germany, went into recession. In addition, the failure of several key financial institutions contributed to the seizure of the global credit markets. Bank lending has been severely reduced and the housing markets in Europe and North America have declined in general, as have commercial real estate markets. The downturn has had a material effect on the Group's business and in particular its investment portfolio, demand for its products and services and funding to support its mortgage operations.

Investments and other assets

The Group's on-balance sheet assets under management are split as follows:

- assets backing the Group's insurance policies (the **own risk portfolio**) (EUR 29.2 billion at 30 June 2009);
- other assets on which the Group carries investment risk (consisting of commercial loans and unsecuritised mortgages – EUR 8.8 billion at 30 June 2009);
- assets backing unit-linked policies (**policyholder risk assets**) (EUR 11.1 billion at 30 June 2009);
- other assets held for third party risk (consisting of securitised mortgages – EUR 7.1 billion at 30 June 2009); and
- other miscellaneous assets (EUR 0.7 billion at 30 June 2009).

Movements in the fair value of different classes of assets receive significantly different treatment in the Group's accounts:

- Movements in the fair value of assets held as "other than trading" are recorded in the Group's income statement. Approximately 56% of the Group's on-balance sheet assets under management were so classified as at 30 June 2009, primarily representing fixed income securities (51% of the Group's total "other than trading" portfolio) but also including equity securities (31% of the Group's total "other than trading" portfolio) and securitised mortgages (18% of the Group's total "other than trading" portfolio).
- Movements in the fair value of assets held as "available for sale" are primarily recorded in change to shareholders' equity on the Group's balance sheet, except where decreases in value are such that the Group's impairment rules give rise to losses that must be recognised in the income statement. Approximately 12% of the Group's total investment portfolio was classified as available for sale at 30 June 2009, primarily representing equity securities together with a small portion of fixed income securities.
- Assets held for trading comprised about 1% of the Group's investment portfolio as at 30 June 2009. Changes in the fair value of such assets are recorded in the income statement.
- The remainder of the Group's investment portfolio, mainly mortgages and loan assets, is carried at amortised cost.

For additional information, please see "Critical Accounting Policies".

Because the Group presents its balance sheet on a fair value basis for the majority of its assets and liabilities, changes in equity, fixed income and property markets can have significant effects on the value of the Group's investment portfolio and consequently affect Group income, profitability and shareholders' equity. Equity markets fell substantially in 2008 and part of 2009 due to disruption in the credit markets and recessions in many of the world's significant economies. In addition, increasing credit spreads and significant disruptions in the trading of certain fixed income assets such as asset-backed securities, which in some cases became illiquid, caused significant declines in the value of fixed income securities. Furthermore, the value of residential and commercial real estate in many markets declined following several years of growth.

These developments have had a number of significant effects on the Group's investment portfolio:

- *Equity portfolio* – The Group recorded net realised and unrealised losses of EUR 419.6 million in respect of own risk equity assets for the six months ended 30 June 2009, including impairment charges of EUR 382.6 million. These charges largely reflected the decline in equity values during 2008. In many cases, the declines did not yet meet the Group's

impairment criteria at year end. Only when weakness in equity markets continued during the first half of 2009 were the criteria met, and impairments were accordingly recognised at that point. In contrast to the negative developments affecting the own risk equity portfolio, the Group had realised and unrealised gains of EUR 213 million on equity assets held for policyholder risk in this period. For the year ended 31 December 2008, net realised and unrealised losses on own risk equity securities were EUR 1,162.5 million, including impairments of EUR 913.1 million. Net realised and unrealised losses on equity securities held for policyholder risk were EUR 1,909.6 million for the year.

- *Fixed income portfolio* – The Group recorded net realised and unrealised losses on its fixed income portfolio of EUR 79.6 million for the six months ended 30 June 2009, which reflects a loss of EUR 74.9 million attributable to the Group's own risk portfolio and EUR 4.7 million attributable to the Group's policyholder risk portfolio. The losses were due to increasing risk-free rates and credit spreads. For the year ended 31 December 2008, net realised and unrealised gains were EUR 192.4 million, of which EUR 167.3 million was attributable to the Group's own risk portfolio and EUR 25.1 million was attributable to the Group's policyholder risk portfolio. The gains were due to decreasing risk-free rates, partly offset by increasing credit spreads.
- *Real estate portfolio* – Income on property is generated by rental income minus maintenance expenses. The income is also affected by market value changes of the property owned. The Group recorded rental income and realised and unrealised gains on its real estate portfolio of EUR 23.8 million for the six months ended 30 June 2009. Gains for the first half year were negatively affected by depressed property markets which led to a decrease in the market value of the real estate portfolio of EUR 43.3 million. For the year ended 31 December 2008, the Group recorded gains of EUR 86.4 million. The gains were negatively affected due to decreasing property markets which led to a decrease in the market value of the real estate portfolio of EUR 37.8 million.

Derivatives

The Group makes use of interest rate swaps, put options and other derivatives to protect against adverse changes in interest rates and equity markets. The Group does not actively trade derivatives to create profits, but uses them only for risk management purposes. Moreover, derivatives are employed only to manage exposures on the Group's balance sheet and not to mitigate fair value effects on its income statement. Under IFRS, changes in the fair value of derivatives are reported in the Group's income statement under results from derivatives; changes in the fair value of the assets those derivatives are intended to hedge may be recorded on the income statement or directly in the balance sheet as a change in shareholders' equity. The profit and loss treatment of the fair value movements of the derivatives will therefore not necessarily correspond to the profit and loss treatment of the exposures being hedged. Furthermore, derivatives may not always offset balance sheet exposures they are intended to mitigate. Derivatives can thus be a source of volatility in the Group's results.

The Group's hedging policy led to a significant increase in the use of derivatives in response to the recent economic downturn. See "[Risk Management – The Group's Risk Profile Management](#)" for further information on the Group's hedging policy. Results from derivatives were a gain of EUR 734.2 million in the Group's total income in the year ended 31 December 2008 and a loss of EUR 619.2 million in the six months ended 30 June 2009. Partially offsetting these results were movements in the value of the Group's underlying available for sale assets, which increased in the six months ended 30 June 2009 but decreased significantly in the year ended 31 December 2008. In the six months ended 30 June 2009, the total increase in available for sale reserve movements was EUR 373.8 million. In the year ended 31 December 2008, the decrease was equal to a loss of EUR 1,292.1 million.

Operations

Adverse conditions in the global financial markets have also resulted and may continue to result in declining demand for certain of the Group's products. Rising unemployment and stagnant wages in the Netherlands, Belgium and Germany have resulted in lower disposable income

among the Group's customers, particularly for individual insurance products. In addition, the Group has experienced and may continue to experience higher levels of lapses or surrenders of policies in its life insurance business. Certain policyholders have deferred or ceased timely payments of insurance premiums. Furthermore, the Group's general insurance business may continue to experience an increase in the number of claims filed, which is typically experienced during periods of economic decline.

Declines in the financial markets, including in particular equity markets, have resulted in reduced demand for investment-linked products including certain savings products, investment-linked mortgage products, mutual funds and unit-linked life insurance. As a result, the Group has seen a significant shift in the product mix of its new business away from unit-linked life insurance and similar investment-linked products and toward more traditional insurance and savings products. See also "– New Business" for a discussion of recent trends in new product sales. In addition, during the first half of 2009, declines in asset values effectively left many pension funds unable, under Dutch regulation, to transfer their pension obligations, and this was in part responsible for materially lower sales of group pension insurance in the period. See "– Key Factors Affecting Results of Operations – Group Pension Insurance Contracts".

In addition to affecting the value of the Group's investment portfolio, fluctuations in interest rates and declines in the equity markets have negatively impacted fee and commission income for the Group's fund management business. Furthermore, third-party investments from retail and institutional investors have declined, resulting in a reduction of the Group's assets under management and further impacting fee and commission income. For the six months ended 30 June 2009, fee and commission income decreased primarily as a result of lower levels of distribution of certain fund products in Germany due to changes in government taxation of those products, though the decrease also reflects a decline in fee and commission income in Belgium due to negative investment income on certain investment contracts and the consequent fall in assets under management.

Mortgage funding

Amstelhuys is the originator of most residential mortgages issued by the Group in the Netherlands. Prior to the credit crisis, Amstelhuys used securitisations of existing mortgages to fund a significant portion of its mortgage business. As a result of the securitisation market being inactive, the Group's primary source of funding for its Dutch banking operations (including Amstelhuys) has shifted since 2007 from the securitisation of mortgages through Amstelhuys, to alternative sources including intercompany loans, savings and deposits, and the repo of certain notes from Amstelhuys' securitisations conducted in 2007. As a result of this shift, the Group has incurred higher finance costs in respect of its mortgage business than in previous periods. The Group expects to undertake a new securitisation transaction before the end of 2009.

Acquisitions and Disposals

Since 1 January 2006, the Group has effected a number of acquisitions and disposals, the most important of which are outlined below.

Discontinuation of health insurance

With effect from 1 January 2009, the Group sold its 100% interest in its health business to CZ, recording a profit of EUR 34.7 million. As a result, the Group no longer issues or underwrites health insurance. Beginning in 2007, the health business had been classified as assets held for sale in the Group's balance sheet and income from the health business was recorded within results from discontinued operations. In order to make the periods comparable, in connection with the audit of the Group's 2007 financial statements, the Group's 2006 income statement was restated to include the results for the health business under the single line of result after tax from discontinued operations.

While the Group no longer underwrites or issues health insurance, it continues to distribute health insurance policies underwritten by CZ under the Delta Lloyd and OHRA brands. Distribution of these products generates fee and commission income for the general insurance business line. The Group's financial statements include such income as part of the overall fee

and commission income for each of Delta Lloyd and OHRA in the general insurance business line.

Swiss Life Belgium

As part of its growth strategy in Belgium, the Group acquired Swiss Life Belgium in June 2008 for EUR 141.9 million. The Group began consolidating the results from Swiss Life Belgium beginning 1 July 2008, and therefore results for the Group's Belgian life and general insurance businesses for the six months ended 30 June 2009 are not comparable with results for the six months ended 30 June 2008. Following recent approval from the Belgian regulator with retroactive effect from 1 January 2009, the Group began integrating Swiss Life Belgium into its business.

The acquisition of Swiss Life Belgium approximately doubled the Group's Belgian insurance operations in terms of gross written premiums. At the time of acquisition, Swiss Life Belgium had total assets of EUR 3,338 million and approximately 360 FTEs. Gross written premiums for Swiss Life Belgium in the second half of 2008 were EUR 173.0 million (EUR 144.3 million for life insurance and EUR 28.7 million for general insurance).

Erasmus

In March 2007, the Group acquired Erasmus, a niche insurance company offering "white label" term life insurance products and mortgage-related life insurance products tailored for certain large distributors. Erasmus also offers commercial and private general insurance.

Cyrte

In September 2007, the Group acquired 85% of Cyrte, a fund management boutique with specialised investment strategies that offer investment opportunities to institutions and family offices.

Group Pension Insurance Contracts

In recent years, companies in many industries have increasingly sought to relieve pressure on their balance sheets caused by pension obligations. As a result, many companies in the Dutch market have liquidated their pension funds and transferred their pension liabilities to insurers. Such group pension contracts, and in particular single premium group pensions, have been one of the Group's primary sources of gross written premiums in the period under review.

Group pension contracts can cause irregular movements in gross written premiums and liabilities from period to period. Single premium group pension contracts call for a large initial premium payment and no periodic payments thereafter. The acquisition of such a contract will generate large, one-off increases in gross written premiums and liabilities in the period in which it occurs.

While the Group's business in group pensions has grown significantly overall, premium volumes have varied from period to period, reflecting both developments in the markets and changes in the Group's strategy. In 2008, the Group focused on growing its group pension business and market share by increasing volume, and secured five significant new single premium contracts (for Bayer, Gamma, Imtech, KPMG and Polaroid) which generated gross written premiums of EUR 1,372 million for the year. In 2009, as a result of declines in asset values, many pension funds were effectively unable, under Dutch regulation, to transfer their pension obligations. The Group, meanwhile, had refocused its group pension business on contracts that provide a targeted minimum new business margin of 1%. See "Market-Consistent Embedded Value" below and "Business – Strategy" for more details on the Group's new business margin targets. With fewer single premium group pension contracts available in the market, of which only a limited number met the Group's targets, the Group did not write any significant new single premium group pension contracts during the first half of 2009. The Group expects that as financial markets improve the number of opportunities it will have to increase its group pensions business will grow. Accordingly, the Group believes that the group pension business will remain a significant source of gross written premiums going forward.

Group contracts (mostly pensions) generated annual and single premium gross written premiums of EUR 778.7 million and EUR 2,436.4 million for the six months ended 30 June 2009 and the year ended 31 December 2008, 40.2% and 53.7%, respectively, of the Group's gross written premiums from life insurance.

Valuation and Classification of Assets and Liabilities

The Group records and classifies the majority of its investment assets and insurance liabilities at fair market value. This approach enables management to apply risk management policies on an economic basis, thereby mitigating the effects of market movements on shareholders' equity.

As described in further detail above, changes to the fair value of the Group's assets classified as other than trading are recorded in the profit and loss statement of the Group as investment income, whereas changes to the fair value of the Group's assets classified as available-for-sale are recorded in shareholders' equity unless the Group realises a gain or loss on the sale of such assets or if those assets are impaired, in which case the realised gain or loss or impairment is recorded in the profit and loss statement of the Group as investment income/loss.

Changes in the fair value of the Group's insurance liabilities are recorded in the profit and loss statement of the Group as part of expenses. The market value of the liabilities is based on the market value of the assets whose characteristics most closely resemble the characteristics of the liabilities. The Group's liabilities under life insurance policies that are not unit-linked most closely resemble assets that are not readily transferable and have minimal credit risk. An increase in the yield on these assets will result in a reduction in the value of the liabilities, as those liabilities are discounted to present value using a discount rate set equal to this yield.

IFRS permits the Group to select the interest rate metric it considers most appropriate to replicate an asset portfolio that most closely resembles the characteristics of its liabilities. The Group's policy under IFRS is to use the greater of the "DNB swap curve" and the "collateralised AAA bond curve" to value its insurance liabilities. Until 2008, and consistent with the regulatory requirements that solvency be calculated using the swap yield curve (based on Eurozone EURIBOR swap rates) as published by DNB, the Group applied the DNB swap curve to calculate the value of its liabilities. Following the recent market downturn, a lack of liquidity in the market caused a dislocation in the fixed income markets. The Group believes that as an insurance company, holding insurance liabilities with reasonably predictable cash flows (i.e. illiquid liabilities), it has lower liquidity needs than non-insurance company investors and hence is able to take advantage of this dislocation.

Since 1 July 2008, the Group has applied the collateralised AAA bond curve as the reference rate for discounting its insurance liabilities under IFRS. The impact of using the collateralised AAA bond curve on the calculation of the Group's liabilities and MCEV has been substantial. As at year end 2008, the Group's provision for life insurance liabilities calculated using the collateralised AAA bond curve was EUR 1,746 million less than it would have been had it been calculated using the DNB swap curve. Similarly, the differential would have been EUR 1,648 million at 30 June 2009. During the first half of 2009, the collateralised AAA bond curve further increased. The impact of the movement in the collateralised AAA bond curve was to lower insurance liabilities by EUR 1,316 million (with a resulting similar positive impact on IFRS results), which was partially offset by a decrease in value of the fixed income assets by approximately EUR 890 million. There is the potential for such movements to be reversed in whole or in part should the yield curve and/or the assets move significantly in the future. The effect of using the collateralised AAA bond curve compared to the swap curve was an increase of the MCEV of the Group's life insurance business line by EUR 1,744 million as at 30 June 2009 and EUR 1,826 million as at 31 December 2008. The effect at the end of 2008 also includes a correction for the use of end of the year volatilities.

The difference between the DNB swap curve and the collateralised AAA bond curve has been widening, having increased by 43 basis points at the ten year point in the period from 1 January through 30 June 2009, although it had decreased by 64 basis points at the ten year point in the period from 1 July through 14 September 2009. See "Current Trading", "Market-Consistent Embedded Value – Reference Rate" and "Risk Factors – Financial Risks –

The Group's MCEV and liabilities as reported under IFRS will decrease and increase respectively if the yield curve used in valuing such MCEV and liabilities incorrectly reflects returns on assets with minimal credit risk, which could have a material adverse effect on the Group's MCEV, IFRS results and financial condition".

Unit-Linked Insurance Transparency Investigation and Settlement

Pure unit-linked insurance products are life insurance policies where the policyholder bears the investment risk of the invested premiums. Such unit-linked insurance products require lower solvency levels than traditional life insurance. Unit-linked insurance may also include a guarantee of minimum returns from the insurer. Most of the Group's unit-linked insurance policies include such guarantees.

Unit-linked insurance products were developed and launched in the 1990s when stock markets compared with stock prices in the past were strong and continuing to grow. Unit-linked insurance products have been very attractive in periods of securities markets growth which benefited the policyholder. However, as markets began to decline beginning in 2007, unit-linked insurance products became less attractive compared with traditional life insurance as lower returns were passed on to policyholders. In September 2006, a large group of policyholders and consumer organisations began to investigate the lack of transparency of the structure of these contracts (particularly in respect of costs), including pure unit-linked insurance policies and those with guarantees. A mediation process initiated by the AFM at the beginning of 2007 led to the recommendation in March 2008 that Dutch insurers compensate customers for excessive costs, and that insurers retroactively cap the costs of the policies.

As a result of the AFM investigation and complaints from consumer groups, the Group sought to reach an out-of-court settlement of these complaints. In September 2008, the Group became the first Dutch insurer to reach an agreement with consumer groups to compensate unit-linked policyholders. The Group estimated the costs of settlement at EUR 410 million, of which EUR 158 million was recognised in 2008, resulting in EUR 20 million in additional other non-operating expenses and a EUR 138 million additional change in insurance liability. The other non-operating expenses and additional change in insurance liability accounted for 4.9% and 33.4% of the total change in these line items in 2008, respectively. The remaining portion of the settlement amount has been reserved for by using the excess liability adequacy test margin. As a result, the excess reserves available for release were reduced by EUR 253 million. As of the date of this Prospectus, no funds have been disbursed pursuant to the settlement agreement. See also "Risk Factors – Regulatory Risks – Litigation and regulatory investigations may have a material adverse effect on the Group's business, revenues, results and financial condition".

Mortgage Funding – Amstelhuys

Amstelhuys is the originator of most residential mortgages issued by the Group in the Netherlands. Prior to the credit crisis, Amstelhuys used securitisations of existing mortgages to fund a significant portion of its mortgage business. As a result of the securitisation market being inactive, the Group's primary source of funding for its Dutch banking operations (including Amstelhuys) has shifted since 2007 from the securitisation of mortgages through Amstelhuys, to alternative sources including intercompany loans, savings and deposits, and the repo of certain notes from Amstelhuys' securitisations conducted in 2007. The Group expects to undertake a new securitisation transaction before the end of 2009. As at 30 June 2009, the nominal value of the mortgage portfolio of Amstelhuys was EUR 6,472 million.

Amstelhuys is structured as a cash-neutral vehicle, with incoming funds from the sale of securities balanced by disbursements for mortgage loans. However, the Group's securitisation programme provides that losses as a result of defaults on the securitised mortgage loans up to a certain amount must be borne by the Group. This "first loss" amount ranges from 0.1% to 1.35% of the nominal amount of the outstanding securitisation. See "Risk Factors – Financial Risks – The Group is exposed to credit risks, and defaults or increased fear of default of the Group's debtors or entities in which the Group has invested could have a material adverse

effect on the value of the Group's assets". In addition, the Group expects that in establishing future securitisation transactions it may be required to retain some portion of the notes for its own account, which would further expose it to losses as a result of defaults on the securitised mortgages. Furthermore, because the Group records changes to the fair value of the mortgages in the profit and loss account, Amstelhuys generates income or loss in the form of changes to the fair value of its mortgage portfolio, which may not fully match the fluctuations in value of the mortgage backed securities, other funding and Amstelhuys' interest rate swaps. This can occur because the notes issued by Amstelhuys are valued in accordance with their market price, while the mortgages underwritten by Amstelhuys are valued in accordance with the income approach. Movements in the value of the mortgages and the notes are not perfectly correlated. In general, default levels for mortgages in the Netherlands and the Group are low, and approximately one third of Amstelhuys' mortgages are guaranteed by the Dutch State.

Amstelhuys is not an operating company and the Group's banking business services the mortgages underwritten by Amstelhuys in return for a fee. Because Amstelhuys is not consolidated within the banking business line, the income or loss generated by changes to fair value of balance sheet items is recorded as other operating income of the Group as part of the "Other" business line. Amstelhuys also uses interest rate swaps to manage floating rate payments on its notes against fixed rate payments received on mortgages, which can also affect other operating income. In addition, Amstelhuys generates fee and commission income and expense as well as interest income and expense. Fee and commission income and expense are recognised in the corresponding line items. Interest income is recognised in net investment income, while interest costs are recognised in finance costs. See also "Key Line Items" for a further discussion of the accounting treatment for Amstelhuys.

Efficiency and Cost Reduction Initiatives

A continuous focus on enhancing profitability through cost reductions and improved efficiency is a central element in the Group's strategy. See "Business – Strategy". A measure of the Group's success in this regard is the significant headcount reductions achieved in recent years. Between 31 December 2006 and 30 June 2009, despite adding 601 new FTEs through the acquisitions of Swiss Life Belgium, Erasmus and Cyrte, the Group nonetheless reduced its overall number of FTEs from 6,446 to 6,309, while the number of external (temporary) staff employed fell from 948 to 603 over the same period.

Sharing programme

In 2006, the Group began the process of implementing a Group-wide sharing programme to create a single back office for each business line for its various brands and distribution channels, with the aim of reducing per product costs, creating economies of scale and enhancing efficiency. One of the first major initiatives under the programme was to combine the Group's health businesses in a single operation, which brought about a headcount reduction of 296 FTEs from the Group's health businesses prior to their sale to CZ. The sharing programme has also resulted in the merger of the divisional IT departments into one centralised Group IT department, the merger of the private general insurance business of most of the Group's brands into one centralised shared insurer and the merger of the income and absenteeism business of the Group's brands into one centralised shared insurer. Going forward, the Group intends to increase its focus on the sharing programme and believes this will help reduce costs per product, while further strengthening the Group's high level of customer service.

Cost reduction programme

In 2009, in response to the recent economic downturn, the Group implemented a cost reduction programme, the aim of which is to reduce the Group's "management's cost base" by EUR 125 million by the end of 2009, thereby reducing full-year management's cost base to less than EUR 1 billion. The Group uses its calculation of management's cost base in establishing targets with respect to operational expenses and assessing progress towards those targets. This approach seeks to take account of all operational expenses associated with the Group's ongoing business operations, while excluding non-recurrent and non-operational expense items. A

reconciliation of management's cost base to IFRS other operating expense is provided below. Generally, the key differences between the two are:

- inclusion in management's cost base of operational expenses related to the Group's acquisition of new business, which are allocated under IFRS to "expenses relating to the acquisition of insurance and investment contracts" and "non-capitalised project expenses";
- inclusion in management's cost base of operational expenses related to claims handling, which are allocated under IFRS to "net claims and benefits paid";
- exclusion from management's cost base of change in provisions for other risks and charges; and
- exclusion from management's cost base of non-recurring and non-operational expense items.

To date, the cost reduction programme has focused primarily on the implementation of a Group-wide hiring freeze, sharp reductions in external (temporary) staff and reducing expenses for such things as IT, equipment and office supplies, and consulting services. The Group currently believes it will meet its 2009 cost reduction target. The Group intends to continue to actively pursue cost savings in 2010, targeting a further EUR 50 million reduction in management's cost base, primarily through personnel reductions, in-house technology services and further cost reduction measures.

The table below shows a reconciliation of management's cost base to IFRS other operating expense for the six months ended 30 June 2009 and 2008 and for the year ended 31 December 2008:

	Six months ended 30 June		Year ended 31 December
	2009	2008	2008
	(EUR million)		
Total other operating expenses (IFRS)	343.9	379.3	1,028.6
Reported in "expenses relating to the acquisition of insurance and investment contracts"	88.6	82.6	240.4
Reported in "non-capitalised project expenses"	6.1	0	0
Reported in "net claims and benefits paid"	35.4	25.6	75.4
Change in provisions for other risks and charges ⁽¹⁾	19.6	1.1	(51.4)
Other reconciliation items	N/A	(0.6)	(141.3) ⁽²⁾
Total operational expenses (management's cost base)	493.6	488.0	1,151.7
Adjustment: Swiss Life Belgium	N/A	35.0 ⁽³⁾	35.0 ⁽³⁾
Adjustment: non-operational items	(12.7) ⁽⁴⁾	0	(65.0) ⁽⁵⁾
Management's cost base	480.9	523.0	1,121.7
Management's cost base savings target for 2009			125.0
Implied management's cost base target for 2009			<1,000.0

(1) Comprises changes in all non-technical provisions for the six months ended 30 June 2009, primarily a release of provisions relating to the Group's former health business. The change in 2008 can be attributed to reorganisation provisions for the Group's Delta Lloyd brand life insurance business (marketing and sales department), the Group's OHRA brand business and the Group's German life insurance business, and a provision which was made for the integration of Swiss Life Belgium.

(2) Other reconciliation items for 2008 mainly reflects EUR 110 million for pension expenses, which was a one-off expense in 2008 primarily related to a change in pension methodology accounting principles and an addition to the provision as a result of the actual return being lower than the estimated return.

(3) The Group's results for the year ended 31 December 2008 included EUR 35.0 million of operational expenses in respect of Swiss Life Belgium, representing only six months of operations following its acquisition by the Group. This adjustment is intended to normalise the first-half and full-year 2008 cost base for comparison purposes going forward by approximating the impact of including Swiss Life Belgium in the 2008 results from the start of the year.

(4) Represents EUR 5.5 million for the run off of health, EUR 3.6 million for the sponsorship of the Volvo Ocean Race, EUR 3.6 million for the IBM termination fee.

(5) Represents EUR 20 million for the unit-linked settlement; EUR 8 million for Swiss Life Belgium integration costs; EUR 5 million for the sponsorship of the Volvo Ocean Race; EUR 5 million in respect of VAT issue with the external mortgage administrator for the Group's mortgage business; EUR 21 million impairment suspense accounts (relating primarily to amounts booked in respect of pre-2008 doubtful debtors in the Group's former health business); and EUR 5 million in one-off project costs.

Management's cost base as presented by the Group is not a measure of operating expenses under IFRS. This measure should not be considered in isolation or as an alternative to operating expenses or other data presented in the Group's financial statements as indicators of the costs associated with the Group's business. Because this measure is not determined in accordance with IFRS and is thus susceptible to varying calculations, the measure presented by the Group may not be comparable to other similarly titled measures of other companies.

Bancaire Lijfrente

Bancaire lijfrente is sold in two forms: as a long-term savings and investment product (deferred annuity) or as a temporary immediate annuity. Both provide economic returns to customers that are similar to, and otherwise substitute for, individual life annuity products. Due to legislative changes in the Netherlands in 2008, *bancaire lijfrente* is now as tax-efficient as life insurance products, enabling the Group's banking business line to offer it at terms and prices competitive with individual life insurance. *Bancaire lijfrente* sold as savings products can be used for funding mortgages or other banking activities similar to long-term deposits.

As a result, *bancaire lijfrente* is an attractive source of funding for the Group's banking business line and a key component of its overall banking strategy in the Netherlands, although the product has reduced demand for the Group's individual life insurance policies.

The Group is actively pursuing the opportunity presented by this market and is focused on promoting *bancaire lijfrente* while reducing focus on individual life insurance policies. The Group's banking business line at 31 December 2008 held a 14% market share in the Netherlands for deferred annuity *bancaire lijfrente* in terms of sales as at 31 December 2008 (source: CBS, 31 December 2008).

The Group expects *bancaire lijfrente* to be a primary driver of declines in the individual life insurance market in the Netherlands. In addition, as *bancaire lijfrente* is offered by banks, this has opened the competition for life insurance-like savings products to the banking industry.

Change of Reinsurance Contract in Germany

Prior to 2008, the Group entered into a quota-based reinsurance contract with Munich Re and Allianz Versicherung. In 2008, this reinsurance contract was cancelled and replaced by a new risk-based reinsurance contract with Munich Re and Allianz Versicherung. Under a quota-based reinsurance treaty, the insurer cedes the underlying risks in a fixed proportion. The reinsurer participates in all returns, expenses and benefits arising from the ceded portfolio according to the predetermined quota. Under a risk-based surplus reinsurance treaty, the insurer cedes only the risks of the underlying portfolio exceeding a predetermined limit. The reinsurer participates only in the related risk premiums and the sums at risk occurring from the related benefits. The cancellation of the previous reinsurance contract caused large movements in the Group's balance sheet and profit and loss statement. In the Group's balance sheet, the reinsurance asset backing the previous reinsurance contract was offset against the reinsurance deposits. In the Group's profit and loss statement, corresponding changes were made with regard to net claims and benefits paid and change in insurance liabilities. There was no net impact on Group result and Group equity as a result of the cancellation of the previous reinsurance contract.

KEY LINE ITEMS

Below is a discussion of the principal components and accounting judgements that comprise each of the key line items discussed in the results of operations for the Group and the four business lines that follow.

Gross Written Premiums

The relative levels of gross written premiums depend on the mix of products sold in the current period, particularly single premium products, and on the persistence of products sold in previous years, particularly annual premium products. The levels of gross written premiums may change depending on a variety of factors, including interest rate levels, insurance and market risk, equity market returns, and legal and regulatory developments. Gross written premiums are shown before deduction of commission and before any taxes or duties levied with premiums. Set out below is the basis of recognition of gross written premiums for the Group's life insurance and general insurance businesses:

- **Life insurance:** Single premium contracts are deemed receivable on the date the contract is effective (for new business) or the renewal date. Annual premium contracts are deemed receivable on the date when monthly installments are due. Unit-linked gross written premiums

are recognised as premium income when units are created. This treatment is different from that in certain other life insurance companies who treat such premiums received as deposits which would not be included in gross written premiums.

- **General insurance:** Gross written premiums for general insurance are recognised over the period of the contract in proportion to the amount of insurance protection provided. In other words, gross written premiums are recorded and then an unearned portion (premiums relating to future periods) is removed from the income statement and deferred on the balance sheet. For example, if a one-year auto policy is entered into on 1 July, premium income for 12 months of the year would be included in gross written premiums with the unearned premium included in the net change in the provision for unearned premiums.

Total Investment Income

The material line items that comprise total investment income are described below and include both own risk and policyholder risk income. As a result, investment income is presented and discussed at the Group level.

Though overall trends in financial markets tend to be the same for Group investment income, there are certain differences in investment income between the Group's business lines, as products with different durations require different investments.

Interest income

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 as well as income from fixed income investments, mortgage loans and other loans.

Dividends

Dividends on investments in equity securities are recorded as income on the ex-dividend date.

Movements in the value of investments classified as other than trading

Movements in the value of investments classified as other than trading are comprised of both fair value changes and realised gains/losses on the investments which are classified in the "other than trading" category. The "other than trading" category is used where this eliminates an accounting mismatch. An accounting mismatch can exist for insurance contracts where the insurance liability is measured using market-based interest rates. Changes in the fair value of other than trading investments are included in the income statement in the period in which they arise.

The Group classifies the vast majority of its investments as other than trading. As a result, changes in the fair value of investments classified as other than trading are included in the income of the Group. During the periods under review, movements in the value of these assets have had the most significant impact on the Group's total investment income. The movements in the value of investments classified as "other than trading" exclude movements in the value of investment property as these fall under other investment income.

Realised gains and losses on available-for-sale investments

The Group's available-for-sale investments consist of equity investments and a small portion of the Group's fixed income portfolio. Realised gains and losses on available-for-sale investments are comprised of book gains and losses on the sale of investments as well as impairments on those investments. The realised gain or loss on the disposal or impairment of an investment is the difference between the current fair value, and its original cost or amortised cost as appropriate. Other than movements in the value of investments classified as other than trading, changes in the gains and losses realised from the sale or impairment of available-for-sale investments have had the most significant effect on the Group's total investment income. Due to the method by which impairments for equity securities are measured, there tends to be a lag in the deterioration of the market value and the recognition of the impairment. Furthermore, although these losses are realised through the Group's profit and loss statement they remain

recoverable given the fact that the impaired assets have not actually been sold. However, any recovery will be recorded in the revaluation reserve until the assets are sold.

Result from derivatives

Result from derivatives is comprised of unrealised and realised changes in the fair value of the derivatives classified as trading. Derivative financial instruments include futures, options on equity instruments, currency and interest rate swaps, currency and interest rate options (both written and purchased), swaptions, foreign exchange contracts, and other financial instruments that derive their value mainly from underlying interest rates, equity instruments, commodity values or foreign exchange rates. See “Risk Management”.

Other investment income

Other investment income is comprised mainly of the unrealised gains and losses on investment property.

Fee and Commission Income

The Group receives fee and commission income from all of its business lines. Fee and commission income of the Group’s life business line derives from unit-linked policies in Belgium and certain unit-linked policies in the Netherlands (i.e., investment contracts without profit sharing), and includes the amounts of fund-related charges. Fee and commission income of the Group’s banking business line derives from the sale of ordinary banking products and services, including mortgage loans. Fee and commission income from the Group’s general insurance business line refers to reinsurance commission. Fee and commission income from the Group’s fund management business line comprises fund management for third party funds only. Fees and commission earned on the management of the Group’s own funds reduce operating expenses of the Group’s fund management business line and are eliminated on consolidation.

Other Operating Income

Other operating income comprises primarily income (expense) created by the fair market valuation of mortgage assets held by, and notes issued by, Amstelhuys. Although Amstelhuys is primarily a funding vehicle designed to operate on a cash-neutral basis, fair value accounting of its assets and liabilities can result in recognition of income or loss if the value of its assets and liabilities do not match. This can happen when, for example, funding spreads increase or decrease, causing a subsequent decrease or increase in the market value of the notes while asset values remain relatively unchanged.

Net Claims and Benefits Paid

For the Group’s life insurance business, net claims and benefits paid comprise the claims and benefits paid at maturity of the policies (including death and surrender) as well as periodic payments made on annuities. For the Group’s general insurance business, net claims and benefits paid comprise claims payments made during the period net of any recovered amounts.

Change in Insurance Liabilities

For the Group’s life insurance business, changes in insurance liabilities comprise changes to provisions due to new business, lapses, expected changes in existing business, variances between actual and expected claims and the impact of changes to operating and economic assumptions. It includes change to investment contracts with profit sharing and unit-linked policies. The Group’s change in insurance liabilities has been substantially affected by the Group’s use of the collateralised AAA bond curve since 1 January 2008 to value substantially all of its liabilities. For a discussion of the collateralised AAA bond curve, see “– Key Factors Affecting Results of Operations – Valuation and Classification of Assets and Liabilities”.

For the Group’s general insurance business, changes in insurance liabilities comprise movements due to changes to assumptions, incurred claims and expenses less the actual claim payments made in the year, net of recovered amounts and new business. Claims and related expenses are recognised in the income statement when the insured events occur. The amount recorded for the claim includes estimates of costs for claims related to insured events that have

incurred but have not been reported (IBNR) to the insurer. Thus the expense includes claims actually paid, the change in claims reserve, as well as other related expenses. Estimated recoverable amounts on unsettled claims, such as salvage, subrogation or a potential ownership interest in real estate is evaluated in terms of estimated realisable value and deducted from loss expense. Estimated recoverable amounts on settled claims are also deducted from loss expense. The reserves relating to income and absenteeism are discounted, while the remaining insurance liabilities are all short-term and therefore not discounted.

Expenses Relating to the Acquisition of Insurance and Investment Contracts

Expenses relating to the acquisition of insurance and investment contracts include contracts from the Group's life and general insurance businesses as well as third party investment contracts from the Group's fund management business.

The Group defers policy acquisition costs that vary with, and are primarily related to, the acquisition of new or renewal life insurance contracts, and general insurance contracts. Such costs consist principally of commissions, and certain underwriting and contract issue expenses. Policy acquisition costs are deferred to the extent that they are recoverable from future expense charges in the premiums or from expected gross profits, depending on the nature of the contract.

For investment contracts and general insurance contracts, capitalised acquisition costs and a deferred income reserve liability are recognised in respect of transaction costs and front-end fees respectively, which relate to the management of investments, and which are amortised on a systematic basis over the contract term.

Finance Costs

Finance costs comprise interest owed to credit institutions and other interest expenses due to financing arrangements during the period. The Group's finance costs are mainly attributable to the Group's life insurance, general insurance and banking business lines, as well as Amstelhuys.

Other Operating Expenses

Other operating expenses comprise primarily expenses relating to salaries for employees, operating expenses, amortisation of intangible fixed assets, depreciation on property and equipment, impairments on intangible fixed assets and receivables and non-recurring expenses.

CURRENT TRADING

The Group does not intend to publish specific figures with respect to its results of operations and financial position for periods ended 31 March and 30 September, other than information with respect to life new business premiums, as reflected below.

In the period since 30 June 2009, the Group has maintained its focus on product margins while continuing to pursue its cost reduction programme. Premium income and operating expenses have progressed in line with trends established during the first half of the year, and the Group currently expects that it will meet its cost reduction target for 2009. See “– Key Factors Affecting Results of Operations – Efficiency and Cost Reduction Initiatives”.

The period since 30 June 2009 has been characterised by falling interest rates, tighter credit spreads and rising equity markets. These developments had a significant negative impact on the Group’s IFRS results for the three months ended 30 September 2009. The Group’s operational result for this three-month period, however, remained positive. See “– Operational Result”. The most significant effect of the changes in financial markets during the third quarter of the year was the impact of the drop in interest rates on the collateralised AAA bond curve used to value the Group’s insurance liabilities, which reversed nearly all positive changes attributable to the application of the curve during the six months ended 30 June 2009. This was offset in part by an increase in the value of the Group’s fixed income portfolio, as credit spreads on all fixed income classes decreased significantly. The continued recovery in equity markets had a positive impact on shareholders’ equity, as increases in the value of the Group’s equity portfolio were reflected in increases in the revaluation reserve, but had a negative impact on results, as significant losses were recorded on the derivatives positions through which the Group hedges its equity portfolio. The Group also realised significant capital gains on the sale of securities in the three months ended 30 September 2009.

In the three months ended 30 September 2009, the Group incurred a net loss on an IFRS basis, and shareholder’s equity decreased modestly. The total IFRS net loss for the nine months ended 30 September 2009 was in excess of EUR 100 million. Assuming that interest rates and equity markets remain broadly stable the Group currently expects that it will report a net loss for the full year (without taking account of any capital gains which may be realised in the fourth quarter), and that shareholder’s equity at 31 December 2009 will be at or slightly below its level at 30 June 2009 (without taking account of the increase in shareholders’ equity associated with the exercise of warrants by Aviva and Funds NutsOhra). The Group expects that MCEV will move broadly in line with the movement in shareholders’ equity.

The Group’s regulatory capital solvency position calculated under the Insurance Group Directive strengthened to 191% at 30 September 2009 from 185% at 30 June 2009, while the BIS Ratio of the banking business line rose from 11.1% to 12.5% over the same period. The increase in the BIS Ratio was due to a transfer of capital from the Group’s insurance business line to the banking business line pursuant to DNB requirements. Notwithstanding this transfer, the regulatory capital solvency position of the Group’s insurance businesses improved due to an increase in the value of the Group’s investment portfolio as described above. The Group primarily uses the ECB AAA government bond curve to value its insurance liabilities for regulatory capital purposes. As a result, while the value of insurance liabilities increased, the impact was significantly less than that calculated on an IFRS basis.

On 16 October 2009, Standard & Poor’s announced that it had downgraded the credit and financial strength ratings of each of Delta Lloyd Levensverzekering and Delta Lloyd Schadeverzekering to A+, with negative outlook as it regards the Group no longer “core”, but “strategically important” to the Aviva group. The negative outlook is aligned with the negative outlook on the core operating activities of the Aviva group.

Results of Operations

Life Insurance

Total new business premiums as measured by PVNBP were EUR 1,082.7 million and EUR 3,132.2 million for the three months and nine months ended 30 September 2009, respectively.

This result is in line with trends established during the first half of 2009, although it is lower than the results achieved in the corresponding periods of the prior year. This was primarily due to the Group's acquisition during the first six months of 2008 of a significant number of new single-premium group pension contracts. The Group has written fewer such contracts in 2009, as a result of a focus on new business margin in its group pensions business and regulatory constraints on the ability of pension funds in the Netherlands to transfer their pension obligations. See “– Key Factors Affecting Results of Operations – Group Pension Insurance Contracts”. The Group nonetheless did write one large new single-premium group pension policy which met its minimum targeted new business margin of 1% in the third quarter of 2009. Overall, new business premium for single premium pensions and annuities for the nine months ended 30 September 2009 was significantly below the level achieved in the corresponding period of 2008.

The Group's PVNBP calculations did not incorporate results for Swiss Life Belgium until the end of 2008, although such results were consolidated in the Group's IFRS accounts from 1 July 2008. Swiss Life Belgium's main products are annual premium pensions. Accordingly, significantly more annual premium pensions and annuities are reflected in PVNBP for the three and nine months ended 30 September 2009 than in the same periods in the previous year.

New business premium in the Group's life and savings businesses fell as a result of the unpopularity of unit-linked policies and the shift from savings products to *bancaire lijfrente*.

The table below shows additional information with respect to PVNBP for the three months and nine months ended 30 September 2009 and 2008:

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	2009	2008
	(EUR million)			
Single premium				
Life and savings	112.8	248.1	321.4	446.1
Pensions and annuities	449.0	495.5	1,208.5	2,106.0
Total single premium	561.9	743.6	1,530.0	2,552.1
Annual premium				
Life and savings	93.4	328.7	301.3	600.4
Pensions and annuities	427.4	155.1	1,300.9	956.1
Total annual premium	520.8	483.8	1,602.2	1,556.5
Total new business premium	1,082.7	1,227.4	3,132.2	4,108.6

General Insurance, Fund Management and Banking

Premium income in the Group's general insurance business line for the third quarter of 2009 was ahead of the corresponding period in 2008. The combined ratio for the nine months ended 30 September 2009 nonetheless increased slightly as compared with the six months ended 30 June 2009, reflecting higher levels of claims during the quarter.

Results for the Group's fund management business line in the three months ended 30 September 2009 were consistent with those for the first half of the year.

The Group's banking business line posted improved results in the three months ended 30 September as compared with the first six months of 2009, reflecting increasing interest margins, as the Group reduced the rates offered on deposits. New mortgage origination also increased significantly as compared with the first half of the year.

Cost Reduction Programme

The Group has continued its focus on cost reduction measures, pursuing further reductions in temporary staff and deferring or cancelling non-priority projects. The Group currently believes that it will meet its cost reduction target for 2009, reducing operational expenses as measured by “management's cost base” by EUR 125 million for the year. See “– Key Factors Affecting Results of Operations – Efficiency and Cost Reduction Initiatives”.

Investment Portfolio and Insurance Liabilities

The Group's results under IFRS are subject to significant volatility in response to changes in financial markets. See "– Key Factors Affecting Results of Operations – Impact of the Recent Financial Downturn" and "– Key Factors Affecting Results of Operations – Valuation and Classification of Assets and Liabilities".

Market interest rates have fallen in the period since 30 June 2009, and credit spreads in all fixed income categories have tightened considerably. The most important impact of the change in interest rates has been its effect on the reference rate given by the collateralised AAA bond curve used to value the Group's insurance liabilities under IFRS, which fell to 4.26% from 5.11% at the ten year point. This was the most significant individual factor affecting the Group's results in the three months ended 30 September 2009, as it brought about a significant increase in the Group's insurance liabilities which reversed nearly all of the reductions attributable to the application of the curve in the first half of 2009.

Interest rate developments have had a positive effect on the market value of the Group's fixed income portfolio. As most of the fixed income assets in the Group's own risk portfolio are classified as "other than trading", decreasing credit spreads positively affected the Group's results in the three months ended 30 September 2009. Despite a small movement in the DNB swap curve in this period, there was no significant valuation movement in the swaption portfolio through which the Group hedges interest rate risk in its life portfolio.

Equity markets have risen strongly since 30 June 2009. In the three months ended 30 September 2009, the AEX increased by 22.2% and the Dow Jones EURO STOXX 50 rose by 19.7%. The market value of the Group's equity portfolio has risen as well, although to a lesser extent than the indexes referred to above. As most of the equity securities in the Group's own risk portfolio are classified as "available-for-sale", the increase in the value of the equity portfolio attributable to these developments have been reflected as an increase in the Group's revaluation reserve within shareholders' equity and have had no effect on the Group's results of operations, except insofar as the Group has realised gains or losses on sales of equity securities. At the same time, the Group has recorded a loss in respect of results from derivatives, reflecting the impact of the rise in equity markets on positions taken pursuant to the Group's hedging policy to protect against the downside risk of falling equity markets. The Group has no current intention of changing this hedging policy.

The Group tests for impairment of asset values only at 30 June and 31 December of each year. There is currently no indication that any material impairments will need to be recorded in the Group's year-end accounts that were not reflected in the half-year results.

No Significant Change

Other than as described above, there has been no significant change in the financial or trading position of the Group between 30 June 2009 and the date of this Prospectus.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2008

Consolidated Results of Operations

The table below shows consolidated results of operations for the Group for the six months ended 30 June 2009 and 2008.

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>Income:</i>		
Gross written premiums	2,766.8	3,512.2
Outward reinsurance premiums	-68.2	-96.8
Net written premiums	2,698.5	3,415.4
Change in unearned premiums provision	-113.3	-116.5
Net premiums earned	2,585.2	3,298.8
Investment income	498.5	428.5
Share of profit or loss after tax of associates	-45.9	0.4
Total investment income	452.6	428.9
Fee and commission income	120.3	160.7
Result on disposal of subsidiaries	0.0	0.0
Other operating income (expense)	-75.2	45.2
Total investment and other income	497.6	634.8
Total income	3,082.9	3,933.7
<i>Expenses:</i>		
Net claims and benefits paid	-1,974.2	-1,832.4
Change in insurance liabilities (including liabilities for participating investment contracts)	416.3	-926.9
Profit sharing and discounts	-41.3	-38.3
Expenses relating to the acquisition of insurance and investment contracts	-302.9	-316.0
Expenses relating to the acquisition of other contracts	-17.3	-29.7
Finance costs	-440.4	-461.0
Other operating expenses	-343.9	-379.3
Total expenses	-2,703.6	-3,983.6
Result before tax from continuing operations⁽¹⁾	379.2	-50.0
Current tax	-151.8	29.4
Result after tax from discontinued operations	0.0	-1.3
Net result	227.5	-21.8
Attributable to:		
Majority interests	211.4	-28.5
Minority interests ⁽²⁾	16.0	6.6
Net result	227.5	-21.8

(1) Result before tax for the six months ended 30 June 2009 includes the result after tax for discontinued operations (EUR 34.7 million).

(2) Mainly related to ABN AMRO Insurance.

The following discussion describing the Group's results of operations for the six months ended 30 June 2009 and 2008 is based on the Group's unaudited consolidated financial statements, prepared in accordance with IFRS. The Group manages and discusses investment income at the Group level because a large part of the Group's hedges are held within the Group's Delta Lloyd brand insurance business. This affects not only the investment income of Group's Delta Lloyd brand insurance business but that of all of the Group's business lines, although investment income for the life and general insurance businesses is also particularly affected by the investment assets and investment strategies of those businesses. However, the remaining line items in the consolidated results are driven by the specific results from each of the Group's four business lines. For more information on the key drivers within those business lines, please see the results of operations discussions for each of the individual business lines.

Income

Gross written premiums

Gross written premiums for the six months ended 30 June 2009 were EUR 2,766.8 million, a decrease of EUR 745.5 million or 21.2% compared with EUR 3,512.2 million for the six months ended 30 June 2008. The decrease was due to a significant decrease at the Group's life insurance business, slightly offset by an increase at the Group's general insurance business. The decrease at the Group's life insurance business was a result of a substantial decrease in single premiums written by the life insurance business in the Netherlands, particularly at the Delta Lloyd brand where the Group did not write any significant new single premium group pension contracts during the first half of 2009, offset in part by an increase in annual premium group contracts reflecting recurring business on group business sold primarily in 2008, new participants within existing contracts and new business. The decrease was also offset slightly by modest increases in the Group's life insurance businesses in Belgium as a result of the acquisition of Swiss Life Belgium and in Germany as a result of offering favourable pricing in response to competitive pressures, which resulted in higher volumes.

Gross written premiums for the Group's general insurance business line for the six months ended 30 June 2009 were EUR 829.9 million, an increase of EUR 39.9 million or 5.0% compared with EUR 790.0 million for the six months ended 30 June 2008, primarily due to the acquisition of Swiss Life Belgium.

Total investment income

The table below shows the principal components of Group investment income for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
Interest income	884.3	914.9
Rental income	66.2	55.2
Dividends	285.5	340.2
Movements in the value of investments classified as trading	41.3	-2.3
Movements in the value of investments classified as other than trading	240.1	-1,088.3
Realised gains and losses on available-for-sale investments	-361.7	36.5
Results from loans and receivables	5.5	3.1
Result from derivatives	-619.2	155.3
Other investment income	-43.4	14.3
Share of profit or loss after tax of associates and subsidiaries	-45.9	0.4
Residual item	0.0	-0.4
Total investment income	452.6	428.9

Total investment income for the six months ended 30 June 2009 was EUR 452.6 million, an increase of EUR 23.7 million or 5.5% compared with EUR 428.9 million for the six months

ended 30 June 2008. The increase was primarily due to positive movements in the value of investments classified as other than trading, which resulted in a change of EUR 1,328.4 million between periods. This positive movement when compared to 2008 was largely offset by losses recorded in result from derivatives, realised losses on available-for-sale investments (impairments), and modest decreases in interest income and dividends. Changes in these items during this period reflected rising equity markets, tightening credit spreads and decreasing volatilities.

The components of total investment income are further discussed below under “Investment income on own risk assets” and “Investment income on policyholder risk assets”. The return on these funds has an impact on the size of the investments backing unit-linked policies, on which Delta Lloyd receives a fee income. To the extent minimum return guarantees are provided on unit-linked policies, profitability will be adversely impacted to the extent investment income on assets backing such policies does not exceed the amount of any current or future payments the Group is required to make to achieve the level of guaranteed return. See “General Factors Affecting Results – Drivers of Profitability in the Group’s Life Insurance Business”.

Investment income on own risk portfolio

The table below shows investment income for the Group’s own risk investment portfolio for the six months ended 30 June 2009 and 2008.

	Six months ended 30 June	
	2009	2008
	(unaudited)	
	(EUR million)	
Interest income	867.6	890.4
Rental income	66.2	55.2
Dividends	175.9	247.6
Movements in the value of investments classified as trading	41.3	-2.3
Movements in the value of investments classified as other than trading	25.6	-579.9
Realised gains and losses on available-for-sale investments	-361.7	36.5
Results from loans and receivables	5.5	3.1
Result from derivatives	-619.2	155.3
Other investment income	-43.4	14.3
Share of profit or loss after tax of associates and subsidiaries	-45.9	0.4
Residual item	0.0	-0.4
Total investment income	111.9	820.3

Interest income

Interest income for the six months ended 30 June 2009 was EUR 867.6 million, a decrease of EUR 22.8 million or 2.6% compared with EUR 890.4 million for the six months ended 30 June 2008. The decrease was primarily due to a decrease in credit spreads, which reduced overall interest income.

Dividends

Dividends for the six months ended 30 June 2009 were EUR 175.9 million, a decrease of EUR 71.7 million or 29.0% compared with EUR 247.6 million for the six months ended 30 June 2008. The decrease was due to a reduction in the level of dividends paid by companies held in the Group’s equity portfolio which was generally due to decreasing dividend levels as a result of declines in the global economy.

Movements in the value of investments classified as other than trading

Movements in the value of investments classified as other than trading for the six months ended 30 June 2009 were an increase of EUR 25.6 million compared with a reduction of EUR 579.9 million for the six months ended 30 June 2008. This change was primarily due to

the increase in the value of the fixed income portfolio as a result of decreasing credit spreads. In addition, the value of the other than trading equity portfolio increased in line with recovering equity markets.

Realised gains and losses on available-for-sale investments

Realised gains and losses on available-for-sale investments for the six months ended 30 June 2009 was a loss of EUR 361.7 million compared with realised gains of EUR 36.5 million for the six months ended 30 June 2008. This change was due to the deterioration in global equity securities markets during 2008 and the first half of 2009, which met the Group's impairment criteria and resulted in the recognition of impairments in the first half of 2009, and lower realised gains on the sale of equity securities. Although equity markets have been recovering since March 2009, impairment rules have required that remaining losses on individual equity investments which occurred in 2008 be recognised during 2009.

Result from derivatives

Result from derivatives for the six months ended 30 June 2009 was a loss of EUR 619.2 million compared with a gain of EUR 155.3 million for the six months ended 30 June 2008. The loss recognised in the first six months of 2009 reflects a general increase in the swap curve, which led to recognised losses of EUR 118.6 million on the Group's swaps and EUR 267.6 million on the Group's swaptions. Short-term improvements in equity markets led to recognised losses of EUR 164.5 million on the Group's put options. In the first six months of 2008, gains on the Group's equity derivatives resulted from declines in the global equity markets.

Investment income on policyholder risk assets

The table below shows investment income for the Group's policyholder risk portfolio for the six months ended 30 June 2009 and 2008.

	Six months ended 30 June	
	2009	2008
	(unaudited)	
	(EUR million)	
Interest income	16.7	24.5
Dividends	109.6	92.6
Movements in the value of investments classified as other than trading	214.5	-508.4
Total investment income	340.8	-391.3

Interest income

Interest income for the six months ended 30 June 2009 was EUR 16.7 million, a decrease of EUR 7.8 million or 31.9% compared with EUR 24.5 million for the six months ended 30 June 2008. The decrease was primarily due to a decrease in credit spreads, which reduced overall interest income.

Dividends

Dividends for the six months ended 30 June 2009 were EUR 109.6 million, an increase of EUR 17.0 million or 18.4% compared with EUR 92.6 million for the six months ended 30 June 2008. The increase was due to a higher amount of equity securities held in the policyholder risk portfolio.

Movements in the value of investments classified as other than trading

Movements in the value of investments classified as other than trading for the six months ended 30 June 2009 were an increase of EUR 214.5 million compared with a decrease of EUR 508.4 million for the six months ended 30 June 2008. This significant change was primarily due to changes in the market value of the Group's other than trading equity portfolio.

Fee and commission income

Fee and commission income for the six months ended 30 June 2009 was EUR 120.3 million, a decrease of EUR 40.4 million or 25.2% compared with EUR 160.7 million for the six months ended 30 June 2008. The decrease was primarily a result of a decrease in levels of distribution of certain fund products in Germany due to changes in government taxation of those products. The decrease also reflected a decline in fee and commission income in Belgium due to a decrease in the assets under management backing certain investment contracts, and a fall in fees and commission from the Group's fund management business primarily as a result of declining asset values attributable to falling markets in the second half of 2008 and the beginning of 2009, despite improvements seen in the second quarter of 2009. In addition, fee and commission income from the Group's banking business decreased due to declines in income generated from the sale of investment funds and decreased fees on client accounts due to customers conducting fewer transactions, which can be attributed to the effects of the recent economic downturn.

Other operating income (expense)

Other operating income (expense) for the six months ended 30 June 2009 was an expense of EUR 75.2 million, a decrease of EUR 120.4 million compared with income of EUR 45.2 million for the six months ended 30 June 2008. The decrease was due primarily to movements in the value of notes issued and loan assets underwritten by Amstelhuys. During the first half of 2009, a decrease in credit spreads led to an increase in the value of notes previously issued by Amstelhuys. This effect was only partially offset by an increase in the value of loan assets underwritten by Amstelhuys during the same period resulting from the same movement in credit spreads. In addition, the Group's life insurance business in Belgium released significant provisions amounting to EUR 26.6 million due to changes in pension arrangements, resulting in an increase in other operating income during the 2008 period. The decrease in other operating income (expense) was also due to a change in the fair value of intercompany interest rate swaps between Delta Lloyd Life and Amstelhuys, which was caused by market interest rate movements.

Expenses

Net claims and benefits paid

Net claims and benefits paid for the six months ended 30 June 2009 were EUR 1,974.2 million, an increase of EUR 141.9 million or 7.7% compared with EUR 1,832.4 million for the six months ended 30 June 2008. The increase reflects an increase at the Delta Lloyd brand life insurance business as a result of higher levels of group pensions sold in 2008 and an increase at the Group's life insurance business in Belgium, primarily as a result of the acquisition of Swiss Life Belgium. The increase was partially offset by the ABN AMRO Insurance brand life insurance business primarily as a result of lower gross written premiums during the period, and by a significant decrease at the Group's life insurance business in Germany as a result of cancellation of high rate contracts occurring in the first half of 2008. The increase in net claims and benefits paid was also due to increases at the Group's Delta Lloyd brand general insurance business attributable to an increase in claims for fire insurance and income and absenteeism claims, and at the Group's general insurance business in Belgium as a result of the acquisition of Swiss Life Belgium.

Change in insurance liabilities

Change in insurance liabilities for the six months ended 30 June 2009 was a release of EUR 416.3 million, compared to EUR 926.9 million for the six months ended 30 June 2008. The 2009 change was attributable to decreases at the Delta Lloyd brand and Belgium life insurance businesses, which were offset by increases at the OHRA and ABN AMRO Insurance brand and Germany life insurance businesses. The movement in the collateralised AAA bond curve had a significant positive impact on the profit and loss statement of the Group affecting the movement in the insurance liabilities in the first half of 2009. The effect of the movement of the collateralised AAA bond curve was to reduce the value of the Group's life insurance liabilities by EUR 1,316 million as at 30 June 2009. See "Key Factors Affecting Results of

Operations – Market-Consistent Embedded Value – Reference rate” and “– Key Factors Affecting Results of Operations – Valuation and Classification of Assets and Liabilities”.

Expenses relating to the acquisition of insurance and investment contracts

Expenses relating to the acquisition of insurance and investment contracts for the six months ended 30 June 2009 were EUR 302.9 million, a decrease of EUR 13.1 million or 4.2% compared with EUR 316.0 million for the six months ended 30 June 2008. The decrease was mainly due to reduced new business of single premium group policies at the Group's Delta Lloyd brand life insurance business, particularly large group pension contracts.

Finance costs

Finance costs for the six months ended 30 June 2009 were EUR 440.4 million, a decrease of EUR 20.7 million or 4.5% compared with EUR 461.0 million for the six months ended 30 June 2008. Underlying this change is a decrease in interest costs mainly relating to a reduction in the amount of certain subordinated indebtedness within a property fund owned by the Group's German insurance business.

Other operating expenses

Other operating expenses for the six months ended 30 June 2009 were EUR 343.9 million, a decrease of EUR 35.4 million or 9.3% compared with EUR 379.3 million for the six months ended 30 June 2008. The decrease reflects the results of the cost reduction programme, which reduced external staff costs in this period. These reductions were offset in part by the inclusion during the first half of 2009 of the expenses of Swiss Life Belgium which was consolidated for the first time beginning 1 July 2008. The impact of the cost reduction programme is discussed in more detail in “– Key Factors Affecting Results of Operations – Cost Reduction Programme”.

Current tax

Current tax for the six months ended 30 June 2009 was a charge of EUR 151.8 million, a decrease of EUR 181.2 million compared with a credit of EUR 29.4 million for the six months ended 30 June 2008. The Group owns a large investment portfolio for which the gains and losses are subject to the participation exemption. See “Taxation – Introduction”. This will affect the effective corporate income tax rate.

Net result

Net result for the six months ended 30 June 2009 was EUR 227.5 million, an increase of EUR 249.3 million compared with a loss of EUR 21.8 million for the six months ended 30 June 2008.

Results of Operations for the Life Insurance Business Line

The table below shows the results of operations for the Group's life insurance business line for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>Income:</i>		
Gross written premiums	1,936.9	2,722.2
Outward reinsurance premiums	-2.6	-38.9
Net written premiums	1,934.4	2,683.3
Change in unearned premiums provision	0.0	0.0
Net premiums earned	1,934.4	2,683.3
Investment income	57.6	39.6
Share of profit or loss after tax of associates	-58.5	10.9
Total investment income	-1.0	50.5
Fee and commission income	20.7	54.8
Result on disposal of subsidiaries	0.0	0.0
Other operating income	-20.0	29.7
Total investment and other income	-0.2	134.9
Total income	1,934.2	2,818.2
<i>Expenses:</i>		
Net claims and benefits paid	-1,575.3	-1,483.4
Change in insurance liabilities (including liabilities for participating investment contracts)	449.4	-904.7
Profit sharing and discounts	-41.3	-38.3
Expenses relating to the acquisition of insurance and investment contracts	-133.2	-145.5
Expenses relating to the acquisition of other contracts	0.0	0.0
Finance costs	-99.3	-112.0
Other operating expenses	-134.0	-151.0
Total expenses	-1,533.7	-2,834.9
Result before tax from continuing operations	400.5	-16.7
Current tax	-164.6	20.5
Result after tax from discontinued operations	0.0	0.0
Net result	235.9	3.8
Attributable to:		
Majority interests	235.9	3.8
Minority interests	0.0	0.0
Net result	235.9	3.8

*Income*Gross written premiums

The table below shows gross written premiums for the Group's life insurance business line in the Netherlands, including the Group's three primary brands in the Netherlands, as well as for Belgium and Germany for the six months ended 30 June 2009 and 2008.

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>The Netherlands</i>		
Delta Lloyd	847.5	1,738.1
ABN AMRO Insurance	279.4	326.6
OHRA	260.4	234.4
Total the Netherlands	1,387.3	2,299.2
Belgium	266.4	225.1
Germany	283.3	197.9
Total gross written premiums	1,936.9	2,722.2

Gross written premiums for the Group's life insurance business line for the six months ended 30 June 2009 were EUR 1,936.9 million, a decrease of EUR 785.3 million or 28.8% compared with EUR 2,722.2 million for the six months ended 30 June 2008. The decrease is primarily attributable to lower levels of single premium group pension policies compared to the first half of 2008.

The Netherlands*Delta Lloyd*

The table below shows gross written premiums for the Delta Lloyd brand life insurance business broken down by annual and single premium life insurance policies for individuals and groups for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>Annual premium</i>		
Individual policies	149.9	152.5
Group policies	339.8	293.7
Total annual premium	489.8	446.2
<i>Single premium</i>		
Individual policies	131.5	149.7
Group policies	207.3	1,124.8
Total single premium	338.7	1,274.5
Inward reinsurance	19.0	17.4
Other differences	0.0	0.0
Total gross written premiums	847.5	1,738.1

Gross written premiums for the Delta Lloyd brand life insurance business for the six months ended 30 June 2009 were EUR 847.5 million, a decrease of EUR 890.6 million or 51.2% compared with EUR 1,738.1 million for the six months ended 30 June 2008.

The decline reflects a substantial decrease in single premium group policies when compared to the significant levels of gross written premiums (primarily single premiums) for group policies during the first six months of 2008. Because of the fall in asset values due to the economic downturn, many pension funds were effectively unable, under Dutch regulation, to transfer their

pension obligations during the first half of 2009. The Group, meanwhile, had refocused its group pension business on contracts that provide a targeted minimum new business margin of 1%. With fewer single premium group pension contracts available in the market, of which only a limited number met the Group's acquisition criteria, the Group did not write any significant new single premium group pension contracts during the first half of 2009. See "Key Factors Affecting Results of Operations – Group Pension Insurance Contracts".

Increases in annual premiums for group policies reflect recurring business on group business sold primarily in 2008, new participants within existing contracts and new business. The decrease in single premium individual policies was due to price competition on the immediate annuities markets, negative publicity relating to unit-linked transparency policyholder claims and poor investment returns across the market.

ABN AMRO Insurance

The table below shows gross written premiums for the ABN AMRO Insurance brand life insurance business broken down by annual and single premium life insurance policies for individuals and groups for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>Annual premium</i>		
Individual policies	170.6	152.7
Group policies	19.1	14.4
Total annual premium	189.8	167.0
<i>Single premium</i>		
Individual policies	86.4	140.0
Group policies	2.7	3.9
Total single premium	89.1	143.9
Inward reinsurance	0.5	15.7
Other differences	0.0	0.0
Total gross written premiums	279.4	326.6

Gross written premiums for the ABN AMRO Insurance brand life insurance for the six months ended 30 June 2009 were EUR 279.4 million, a decrease of EUR 47.2 million or 14.5% compared with EUR 326.6 million for the six months ended 30 June 2008. The decrease was due principally to a decline in single premium individual policies as a result of decreases in the writing of mortgages with which individual policies are often sold and increased competition with *bancaire lijfrente* impacting the immediate and deferred annuities business. The increase in annual premium individual policies resulted from the reclassification of certain products previously classified as internal reinsurance, as well as increased sales of term life insurance due to competitive pricing and focus on these products within the ABN AMRO Bank distribution channel. The impact of the reclassification is also reflected in the inward reinsurance line item.

OHRA

The table below shows gross written premiums for the OHRA brand life insurance business broken down by annual and single premium life insurance policies for individuals and groups for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
Annual premium individual policies	73.0	73.5
Single premium individual policies	187.3	161.0
Inward reinsurance	0.0	0.0
Other differences	0.0	0.0
Total gross written premiums	260.4	234.4

Gross written premiums for OHRA brand life insurance for the six months ended 30 June 2009 were EUR 260.4 million, an increase of EUR 25.9 million or 11.1% compared with EUR 234.4 million for the six months ended 30 June 2008. Although there was a negative impact on single premium individual policies due to the introduction of *bancaire liffre*, negative publicity relating to unit-linked transparency policyholder claims and poor investment returns, the single premium individual policies increased by 16.4% compared with the six months ended 30 June 2008. This increase was primarily a result of OHRA offering favourable pricing in response to competitive pressures for immediate annuities during the first quarter of 2009. This pricing was subsequently revised during the second quarter of 2009.

Belgium

The table below shows gross written premiums for the Group's life insurance business in Belgium broken down by annual and single premium life insurance policies for individuals and groups for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>Annual premium</i>		
Individual policies	37.6	12.3
Group policies	94.7	36.3
Total annual premium	132.3	48.6
<i>Single premium</i>		
Individual policies	85.1	149.3
Group policies	48.9	27.3
Total single premium	134.0	176.5
Inward reinsurance	0.0	0.0
Other differences	0.0	0.0
Total gross written premiums	266.4	225.1

Gross written premiums for the Group's life insurance business in Belgium for the six months ended 30 June 2009 were EUR 266.4 million, an increase of EUR 41.3 million or 18.3% compared with EUR 225.1 million for the six months ended 30 June 2008. The increase primarily reflects the inclusion of Swiss Life Belgium in the first half of 2009 which was consolidated as of 1 July 2008. The increase was partially offset by a decrease in single premium individual policies due to the current economic downturn and corresponding poor performance of unit-linked individual insurance products.

Germany

The table below shows gross written premiums for the Group's life insurance business in Germany broken down by annual and single premium life insurance policies for individuals and groups for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>Annual premium</i>		
Individual policies	114.1	115.5
Group policies	38.9	39.3
Total annual premium	153.0	154.8
<i>Single premium</i>		
Individual policies	103.1	17.9
Group policies	27.2	25.2
Total single premium	130.3	43.1
Inward reinsurance	0.0	0.0
Other differences	0.0	0.0
Total gross written premiums	283.3	197.9

Gross written premiums for the Group's life insurance business in Germany for the six months ended 30 June 2009 were EUR 283.3 million, an increase of EUR 85.4 million or 43.1% compared with EUR 197.9 million for the six months ended 30 June 2008. This increase was principally due to a substantial increase in single premium individual policies as a result of offering favourable pricing in response to competitive pressures, which resulted in higher volumes.

Total investment income

Total investment income for the Group's life insurance business line for the six months ended 30 June 2009 was a loss of EUR 1.0 million, a decrease of EUR 51.5 million compared with a gain of EUR 50.5 million for the six months ended 30 June 2008. The decline to a loss in the first six months of 2009 was due to an increase in impairments of equity assets as well as lower levels of dividends received from investments in the equity portfolio during the recent economic downturn and significant declines in market value in derivatives contracts within the Delta Lloyd brand life insurance business. This impact was partially offset by lower adverse fair value movements on fixed income investments.

Fee and commission income

Fee and commission income for the Group's life insurance business line for the six months ended 30 June 2009 was EUR 20.7 million, a decrease of EUR 34.1 million or 62.2% compared with EUR 54.8 million for the six months ended 30 June 2008. The decrease reflects a decline at the Group's life insurance business in Belgium as a result of a decrease in the value of the funds backing certain insurance products classified as investment contracts, and a decrease at the Group's life insurance business in Germany as a result of a decrease in levels of distribution of certain fund products due to changes in government taxation.

Other operating income

Other operating income from the Group's life insurance business line for the six months ended 30 June 2009 was a loss of EUR 20.0 million, a decrease of EUR 49.6 million compared with income of EUR 29.7 million for the six months ended 30 June 2008. The decrease was partly due to changes in the fair value of intercompany interest rate swaps between Delta Lloyd Life and Amstelhuys. The changes were caused by market interest rate movements. The decrease in the first half of 2009 also reflects the release of pension provisions during the first half of 2008 amounting to EUR 26.6 million, due to changes in pension arrangements, resulting in an increase in other operating income during the 2008 period.

*Expenses*Net claims and benefits paid

The table below shows net claims and benefits paid for the Group's life insurance business line in the Netherlands, including the Group's three primary brands in the Netherlands, as well as for Belgium and Germany for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>The Netherlands</i>		
Delta Lloyd	611.1	542.0
ABN AMRO Insurance	261.0	288.1
OHRA	215.1	210.1
Total the Netherlands	1,087.2	1,040.2
Belgium	177.5	40.3
Germany	310.6	402.9
Other	0.0	0.0
Net claims and benefits paid	1,575.3	1,483.4

Net claims and benefits paid for the Group's life insurance business line for the six months ended 30 June 2009 were EUR 1,575.3 million, an increase of EUR 91.9 million or 6.2% compared with the EUR 1,483.4 million for the six months ended 30 June 2008. The increase reflects a significant increase in the Group's life insurance business in Belgium and the Netherlands in recent periods. This increase was partially offset by a decrease at the Group's life insurance business in Germany.

The Netherlands*Delta Lloyd*

Net claims and benefits paid for the Delta Lloyd brand life insurance business for the six months ended 30 June 2009 were EUR 611.1 million, an increase of EUR 69.1 million or 12.7% compared with EUR 542.0 million for the six months ended 30 June 2008. The increase was primarily a result of higher levels of group pensions sold during 2008. The large volume of group pension contracts sold during 2008, combined with varying maturities of the contracts, gave rise to an immediate increase in net claims and benefits paid.

ABN AMRO Insurance

Net claims and benefits paid for the ABN AMRO Insurance brand life insurance business for the six months ended 30 June 2009 were EUR 261.0 million, a decrease of EUR 27.1 million or 9.4% compared with EUR 288.1 million for the six months ended 30 June 2008. The decrease was partly a result of lower gross written premiums related to immediate annuity products during the period and in 2008.

OHRA

Net claims and benefits paid for the OHRA brand life insurance business for the six months ended 30 June 2009 were EUR 215.1 million, a modest increase of EUR 5.0 million or 2.4% compared with EUR 210.1 million for the six months ended 30 June 2008. The increase in benefits paid was a result of the increase in gross written premiums, especially the single premium immediate annuity insurance product.

Belgium

Net claims and benefits paid for the Group's life insurance business in Belgium for the six months ended 30 June 2009 were EUR 177.5 million, an increase of EUR 137.2 million or 340.8% compared with EUR 40.3 million for the six months ended 30 June 2008. The increase was primarily a result of the acquisition of Swiss Life Belgium, which experienced an

increase in claims of EUR 107.9 million as a result of a large number of policies which were closer to maturity than the former Delta Lloyd Life portfolio.

Germany

Net claims and benefits paid for the Group's life insurance business in Germany for the six months ended 30 June 2009 were EUR 310.6 million, a decrease of EUR 92.3 million or 22.9% compared with EUR 402.9 million for the six months ended 30 June 2008. The decrease was primarily a result of cancellations of certain guaranteed profit sharing insurance products in the first half of 2008 in response to reductions in profit sharing rates.

Change in insurance liabilities

The table below shows the change in insurance liabilities for the Group's life insurance business line in the Netherlands, as well as for Belgium and Germany, and the Group's three primary brands in the Netherlands for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>The Netherlands</i>		
Delta Lloyd	-453.9	1,040.6
ABN AMRO Insurance	66.9	-56.4
OHRA	85.6	-40.8
Total the Netherlands	-301.3	943.3
Belgium	-175.7	183.6
Germany	27.7	-222.1
Change in insurance liabilities	-449.4	904.7

Change in insurance liabilities for the Group's life insurance business line for the six months ended 30 June 2009 was a reduction of EUR 449.4 million compared with an increase of EUR 904.7 million for the six months ended 30 June 2008. The 2009 change reflects substantial decreases in insurance liabilities at the Delta Lloyd brand and Belgian life insurance businesses as a result of an increase in the collateralised AAA bond curve, which were offset by modest increases at the ABN AMRO Insurance and OHRA brands and German life insurance businesses. The 2008 change was due primarily to increases at the Delta Lloyd brand and Belgium life insurance businesses, offset by a significant decrease at the German life insurance business and modest decreases at the OHRA and ABN AMRO Insurance brands life insurance businesses.

The Netherlands

Delta Lloyd

Change in insurance liabilities for the Delta Lloyd brand life insurance business for the six months ended 30 June 2009 was a reduction of EUR 453.9 million compared with an increase of EUR 1,040.6 million for the six months ended 30 June 2008. The 2009 change mainly reflects an increase in the collateralised AAA bond curve which reduced the amount of liabilities required to be held by the Group. See "Key Factors Affecting Results of Operations – Valuation and Classification of Assets and Liabilities". In addition, the provision for the guarantee of payments under unit-linked life insurance policies decreased as a result of both increases in the market value of equity securities and the increase in the collateralised AAA bond curve. The 2008 change was primarily due to the acquisition of large group pension contracts.

ABN AMRO Insurance

Change in insurance liabilities for the ABN AMRO Insurance brand life insurance business for the six months ended 30 June 2009 was an increase of EUR 66.9 million compared with a

reduction of EUR 56.4 million for the six months ended 30 June 2008. The change for 2009 was a result of increased provisions for unit-linked products due to an increase in underlying fund values where the policyholder carries the investment risk. The 2009 increase in liabilities was partially offset by a decrease in provisions for traditional life insurance products as a result of lower overall gross written premiums from those products. The change for 2008 was primarily due to a decrease in underlying fund values on unit-linked portfolios where the policyholder carries the investment risk.

OHRA

Change in insurance liabilities for the OHRA brand life insurance business for the six months ended 30 June 2009 was an increase of EUR 85.6 million compared with a decrease of EUR 40.8 million for the six months ended 30 June 2008. The increase in 2009 was a result of increased provisions due to higher gross written premiums and investment income for policyholders. The 2009 change also reflects an increase in the collateralised AAA bond curve which reduced the amount of liabilities required to be held by the Group. See “– Key Factors Affecting Results of Operations – Valuation and Classification of Assets and Liabilities”.

However, this effect was more than offset due to higher gross written premiums and an increase in underlying fund values on unit-linked portfolios. The change for 2008 was primarily due to a decrease in underlying fund values on unit-linked portfolios.

Belgium

Change in insurance liabilities for the Group's life insurance business in Belgium for the six months ended 30 June 2009 was a reduction of EUR 175.7 million compared with an increase of EUR 183.6 million for the six months ended 30 June 2008. The change in 2009 was a result of increasing long-term market interest rates resulting in a decrease in the market value of the insurance liabilities. The change in 2008 was primarily due to a decrease in long-term market interest rates and increased provisions due to higher single premiums for universal life individual contracts.

Germany

Change in insurance liabilities for the Group's life insurance business in Germany for the six months ended 30 June 2009 was an increase of EUR 27.7 million compared with a decrease of EUR 222.1 million for the six months ended 30 June 2008. The increase in 2009 was largely a result of the increase in gross written premiums from single premium individual life insurance. The decrease in 2008 was primarily due to the cancellation of certain high rate guaranteed profit sharing insurance products in response to reductions in profit sharing rates.

Expenses relating to the acquisition of insurance and investment contracts

Expenses relating to the acquisition of insurance and investment contracts for the Group's life insurance business line for the six months ended 30 June 2009 were EUR 133.2 million, a decrease of EUR 12.3 million or 8.5% compared with EUR 145.5 million for the six months ended 30 June 2008. The decrease was due to lower levels of new business, particularly for the Delta Lloyd brand life insurance businesses.

Finance costs

Finance costs for the Group's life insurance business line for the six months ended 30 June 2009 were EUR 99.3 million, a decrease of EUR 12.7 million or 11.3% compared with EUR 112.0 million for the six months ended 30 June 2008, which can largely be attributed to the Group's life insurance business in Germany due to a decrease in the Landesbank subordinated debt held within a property fund owned by the Group's German insurance business.

Other operating expenses

Other operating expenses for the Group's life insurance business line for the six months ended 30 June 2009 were EUR 134.0 million, a decrease of EUR 17.0 million or 11.2% compared with EUR 151.0 million for the six months ended 30 June 2008. Consistent with the Group's

cost reduction programme, the Group's life insurance business line reduced other operating expenses, reflecting decreases as a result of lower external costs from temporary employees, lower marketing expenses across the businesses and lower costs for office supplies and project expenses.

Net result

Net result for the Group's life insurance business line for the six months ended 30 June 2009 was EUR 235.9 million, an increase of EUR 232.1 million compared with EUR 3.8 million for the six months ended 30 June 2008.

Results of Operations for the General Insurance Business Line

The table below shows the results of operations and certain operating data for the Group's general insurance business line for the six months ended 30 June 2009 and 30 June 2008:

	Six months ended 30 June	
	2009	2008
	(unaudited)	
	(EUR million, except percentages)	
<i>Income:</i>		
Gross written premiums	829.9	790.0
Outward reinsurance premiums	-65.7	-57.9
Net written premiums	764.2	732.1
Change in unearned premiums provision	-113.3	-116.5
Net premiums earned	650.9	615.6
Investment income	18.2	22.5
Share of profit or loss after tax of associates	-4.3	1.7
Total investment income	13.9	24.1
Fee and commission income	12.6	11.4
Result on disposal of subsidiaries	0.0	0.0
Other operating income	3.5	2.0
Total investment and other income	30.0	37.6
Total income	680.9	653.2
<i>Expenses:</i>		
Net claims and benefits paid	-399.0	-349.0
Change in insurance liabilities	-33.1	-22.1
Profit sharing and discounts	0.0	0.0
Expenses relating to the acquisition of insurance contracts	-169.7	-170.5
Expenses relating to the acquisition of other contracts	0.0	0.0
Finance costs	-14.6	-11.1
Other operating expenses	-55.6	-85.2
Total expenses	-671.9	-637.9
Result before tax from continuing operations	9.0	15.3
Current tax	-6.6	-3.2
Result after tax from discontinued operations	0.0	-1.3
Net result	2.4	10.8
Attributable to:		
Majority interests	2.4	10.8
Minority interests	0.0	0.0
Net result	2.4	10.8
Claims ratio	66.4%	60.3%
Expense ratio	14.7%	18.4%
Commission ratio	18.0%	18.3%
Combined ratio	99.1%	97.1%

*Income*Gross written premiums

The table below shows gross written premiums for the Group's general insurance business line in the Netherlands, including the Group's three primary brands in the Netherlands and Belgium for the six months ended 30 June 2009 and 2008.

	Six months ended 30 June	
	2009	2008
	(unaudited)	
	(EUR million)	
<i>The Netherlands</i>		
Delta Lloyd	592.8	547.2
ABN AMRO Insurance	148.7	152.2
OHRA	68.4	100.0
Other ⁽¹⁾	-10.9	-9.4
Total the Netherlands	799.0	790.0
Belgium	30.9	0.0
Total gross written premiums	829.9	790.0

(1) Represents the elimination of intercompany reinsurance.

Gross written premiums for the Group's general insurance business line for the six months ended 30 June 2009 were EUR 829.9 million, an increase of EUR 39.9 million or 5.0% compared with EUR 790.0 million for the six months ended 30 June 2008, primarily due to the acquisition of Swiss Life Belgium. Prior to that acquisition the Group did not have general insurance operations in Belgium. The increase in the Delta Lloyd brand general insurance business and corresponding decrease in the OHRA brand general insurance business primarily reflects the transfer of the Group's income and absenteeism portfolio from the OHRA brand to the Delta Lloyd brand.

Total investment income

Total investment income for the Group's general insurance business line for the six months ended 30 June 2009 was EUR 13.9 million, a decrease of EUR 10.2 million or 42.3% compared with EUR 24.1 million for the six months ended 30 June 2008. The decline was due to an increase in impairments of equity assets at the Delta Lloyd and ABN AMRO Insurance brand general insurance businesses. See “– Results of Operations for the Six Months Ended 30 June 2009 and 2008 – Consolidated Results of Operations – Income – Total investment income”.

*Expenses*Net claims and benefits paid

The table below shows net claims and benefits paid for the Group's general insurance business line in the Netherlands, including the Group's three primary brands in the Netherlands, as well as Belgium for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	(unaudited)	
	(EUR million)	
<i>The Netherlands</i>		
Delta Lloyd	267.0	240.7
ABN AMRO Insurance	63.0	59.6
OHRA	41.8	48.7
Total the Netherlands	371.8	349.0
Belgium	27.1	0.0
Net claims and benefits paid	399.0	349.0

Net claims and benefits paid for the Group's general insurance business line for the six months ended 30 June 2009 were EUR 399.0 million, an increase of EUR 50.0 million or 14.3% compared with EUR 349.0 million for the six months ended 30 June 2008. The increase was principally due to an increase in claims for fire insurance and income and absenteeism claims at the Delta Lloyd brand general insurance business and the acquisition of Swiss Life Belgium. The changes within the brands also reflect an increase in claims attributable to the Delta Lloyd brand and a decrease in claims attributable to the OHRA brand in part from the transfer of income and absenteeism to the Delta Lloyd brand.

Change in insurance liabilities

Change in insurance liabilities for the Group's general insurance business line for the six months ended 30 June 2009 was an increase of EUR 33.1 million compared with an increase of EUR 22.1 million for the six months ended 30 June 2008. The 2009 increase was primarily due to the Delta Lloyd brand general insurance business and reflected increases in the number of income and absenteeism and fire policies. The change in 2008 was mainly due to increases at the OHRA and ABN AMRO Insurance brands general insurance businesses, as a result of increased business through Virtes and in income and absenteeism products for the OHRA brand, and an increase in the expected claim payments related to the income and absenteeism portfolio and liability insurance portfolio for the ABN AMRO Insurance brand.

Expenses relating to the acquisition of insurance contracts

Expenses relating to the acquisition of insurance for the Group's general insurance business line for the six months ended 30 June 2009 remained stable at EUR 169.7 million.

Other operating expenses

Other operating expenses for the Group's general insurance business line for the six months ended 30 June 2009 were EUR 55.6 million, a decrease of EUR 29.6 million or 34.7% compared with EUR 85.2 million for the six months ended 30 June 2008, primarily due to an increased transfer of certain other operating expenses to both acquisition costs and claims handling costs. In addition, the implementation of the Group's cost reduction programme resulted in reductions to external staff and temporary employees and lower office supplies and project expenses. These reductions were offset in part by the inclusion of Swiss Life Belgium in 2009.

Net result

Net result for the Group's general insurance business line for the six months ended 30 June 2009 was EUR 2.4 million, a decrease of EUR 8.4 million compared with EUR 10.8 million for the six months ended 30 June 2008.

Operating ratios

The table below shows the claims ratio, expense ratio and commission ratio, each of which is expressed as a percentage of net premiums earned, for the Group's general insurance business line for the six months ended 30 June 2009 and 30 June 2008:

	Six months ended 30 June	
	2009	2008
Total benefits and claims	61.3%	56.7%
Total net changes in insurance liabilities	5.1%	3.6%
Claims ratio	66.4%	60.3%
Expense ratio	14.7%	18.4%
Commission ratio	18.0%	18.3%
Combined ratio	99.1%	97.1%

The combined ratio was 2.0 percentage points higher in the six months ended 30 June 2009 than in the six months ended 30 June 2008. This was partly due to the acquisition of Swiss Life Belgium. Delta Lloyd's operations in Belgium had a combined ratio of 112.6% in the six months ended 30 June 2009, which caused the Group's combined ratio to be 0.6 percentage

points higher in the six months ended 30 June 2009 than it would have been without accounting for Swiss Life Belgium.

As discussed under “Key Factors Affecting Results of Operations – Cost reduction programme”, certain operating expenses are allocated to claims handling expenses for purposes of presenting these line items in the financial statements. Expenses related to claims handling are allocated under IFRS accounting to “net claims and benefits paid” and therefore are included in the claims ratio.

Claims ratio

The claims ratio for the Group’s general insurance business line for the six months ended 30 June 2009 was 66.4%, an increase of 6.1 percentage points compared with a claims ratio of 60.3% for the six months ended 30 June 2008. The increase primarily reflects higher claims frequency, which is typically experienced during periods of economic decline, especially for commercial fire and income and absenteeism policies (an effect of 3.4% out of a total change of 6.1%). In addition, improvements in the Group’s activity-based costing system resulted in a relatively higher transfer of operating expenses to claims handling costs (an effect of 1.2 percentage points out of a total change of 6.1 percentage points when expressed in terms of premiums earned in the six months ended 30 June 2009).

Another important factor in the estimation of the combined ratio is the change in insurance liabilities. For the six months ended 30 June 2008, a relatively high level of insurance liabilities was released based on annual testing of the adequacy of provisioning for liabilities. The difference between the change in insurance liabilities in the six months ended 30 June 2009 and 30 June 2008 had an effect of increasing the 2009 ratio by 1.5 percentage points when expressed in terms of premiums earned in the six months ended 30 June 2009 (out of a total change of 6.1 percentage points for the claims ratio).

Expense ratio

The expense ratio for the Group’s general insurance business line for the six months ended 30 June 2009 was 14.7%, a decrease of 3.7 percentage points compared with an expense ratio of 18.4% for the six months ended 30 June 2008. The decrease in the expense ratio is in part due to cost savings (an effect of 1.8 percentage points out of a total change of 3.7 percentage points when expressed in terms of premiums earned in the six months ended 30 June 2009), and a relatively higher transfer from operating expenses to claims handling costs (an effect of 1.2 percentage points out of a total change of 3.7 percentage points when expressed in terms of premiums earned in the six months ended 30 June 2009).

Commission ratio

The commission ratio for the Group’s general insurance business line for the six months ended 30 June 2009 was 18.0%, a modest decrease of 0.3 percentage points compared with a commission ratio of 18.3% for the six months ended 30 June 2008.

Other factors influencing the combined ratio

In addition to the above developments, the market exhibited lower rates due to price competition, especially in motor. This caused the combined ratio to increase as this line of business also experienced higher claims frequency.

Results of Operations for the Fund Management Business Line

The table below shows the results of operations for the Group's fund management business line for the six months ended 30 June 2009 and 2008:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>Income:</i>		
Investment income	0.2	0.8
Share of profit or loss after tax of associates	0.0	0.0
Total investment income	0.2	0.8
Fee and commission income	50.2	58.4
Result on disposal of subsidiaries	0.0	0.0
Fund management operating income	0.0	-0.4
Total investment and fund management income	50.4	58.7
Total income	50.4	58.7
<i>Expenses:</i>		
Expenses relating to the acquisition of fund management contracts	-21.2	-28.4
Finance costs	-2.9	-2.5
Fund management operating expenses	-17.8	-17.1
Total expenses	-41.9	-48.0
Result before tax from continuing operations	8.5	10.7
Current tax	-2.1	-2.7
Result after tax from discontinued operations	0.0	0.0
Net result	6.4	8.0
Attributable to:		
Majority interests	6.4	8.0
Minority interests	0.0	0.0
Net result	6.4	8.0

Income

Fee and commission income

Fee and commission income for the Group's fund management business line for the six months ended 30 June 2009 was EUR 50.2 million, a decrease of EUR 8.2 million or 14.1% compared with EUR 58.4 million for the six months ended 30 June 2008. The decrease was due primarily to declining asset values attributable to falling markets in the second half of 2008 and the beginning of 2009, despite improvements seen in the second quarter of 2009. Net outflows of third party retail investor funds in the second half of 2008 as a result of the continuing economic downturn also had an impact on income. The total fee is based on assets under management at 30 June 2009, which was EUR 37.7 billion compared with EUR 39.5 billion at 30 June 2008.

Expenses

Expenses relating to the acquisition of fund management contracts

Expenses relating to the acquisition of fund management contracts for the six months ended 30 June 2009 were EUR 21.2 million, a decrease of EUR 7.2 million or 25.4% compared with EUR 28.4 million for the six months ended 30 June 2008. The decrease was primarily due to a decrease in fees and commissions paid to third party agents. The Group pays a percentage of its fee and commission income to third party agents who distribute the Group's fund management products. Fee and commission income expense is the total of all expenses incurred for individual funds and distributors. Although assets under management decreased, fee and commission income did not decrease equally among the funds and distributors. As a result, acquisition expenses decreased less than fee and commission income.

Fund management operating expenses

Fund management operating expenses for the six months ended 30 June 2009 were EUR 17.8 million, an increase of EUR 0.7 million or 4.2% compared with EUR 17.1 million for the six months ended 30 June 2008. Intercompany fee income reduced the fund management business line operating expenses by EUR 7.4 million in the six months ended 30 June 2009 and EUR 16.4 million in the six months ended 30 June 2008. The modest increase in fund management operating expenses resulted from reduced intercompany fees and commissions from the Delta Lloyd brand life insurance business (which are treated as a deduction from their expenses) as their assets under management decreased, and consequently caused an increase in overall operating expenses. The increase was partially offset by a decrease in temporary staff costs and marketing expenses.

Net result

Net result for the Group's fund management business line for the six months ended 30 June 2009 was EUR 6.4 million, a decrease of EUR 1.6 million compared with EUR 8.0 million for the six months ended 30 June 2008.

Operating margin

The table below shows the calculation of operating margin (net fee income as a percentage of the relevant fee base) for the fund management business line for the six months ended 30 June 2009 and the year ended 31 December 2008:

Six months ended 30 June 2009				Year ended 31 December 2008		
(EUR million, operating margin in %)						
Type of assets under management	Fee base	Net fee income ⁽¹⁾	Operating margin ⁽²⁾	Fee base	Net fee income	Operating margin
Third parties	16,546.5 ⁽³⁾	30.2	0.36	14,817.1 ⁽⁴⁾	53.1	0.36
Own risk and other assets ⁽⁵⁾	21,129.5	7.4	0.07	24,694.5	16.4	0.07
Total	37,676.0	37.6	0.20	39,511.7	69.5	0.18

(1) Net fee income is defined as the difference between total income, including intercompany fee income, and expenses relating to the acquisition of fund management contracts. Net fee income for own risk and other assets is reported as a deduction from expenses and is therefore not included in fee and commission income in the fund management business line profit and loss account.

(2) Annualised.

(3) Comprises EUR 11.8 billion in investment funds, EUR 3.1 billion in fund of funds and EUR 1.6 billion in institutional mandates.

(4) Comprises EUR 11.1 billion in investment funds, EUR 2.3 billion in fund of funds and EUR 1.5 billion in institutional mandates.

(5) See "Business – Fund Management – Assets Under Management".

The lower operating margin on own risk assets reflects the fact that such funds are managed by the fund management business line at cost. The increase in total operating margin in the first half of 2009 reflected an increase in the third party fee base.

Results of Operations for the Banking Business Line

The table below shows the results of operations for the Group's banking business line for the six months ended 30 June 2009 and 2008. The presentation differs from the presentation in Group accounts, but has been prepared to provide meaningful information with respect to the banking business line:

	Six months ended 30 June	
	2009	2008
	<i>(unaudited)</i>	
	<i>(EUR million)</i>	
<i>Income:</i>		
Interest income	182.3	167.3
Interest expense	-104.2	-124.0
Net interest income	78.1	43.3
Fee and commission income	28.5	33.9
Fee and commission expense	-9.9	-10.6
Net fee and commission income	18.6	23.3
Dividend income	0.1	0.0
Net trading income	-14.3	19.0
Net income from assets classified as other than trading	-0.9	-3.4
Net income from assets classified as available-for-sale	3.7	1.0
Total investment income	-11.3	16.6
Result participations	1.6	0.3
Other income	15.3	18.1
Total investment and other income	5.6	35.0
Total income	102.3	101.7
<i>Expenses:</i>		
Staff costs and other administrative expenses	-91.3	-92.6
Amortisation and depreciation	-4.4	-5.2
Value adjustments other funds	-7.2	0.0
Realised gains/losses	-4.9	0.2
Other expenses	0.1	-0.6
Total expenses	-107.7	-98.1
Result before tax from continuing operations	-5.4	3.5
Current tax	3.6	-2.2
Result after tax from discontinued operations	0.0	0.0
Net result	-1.8	1.3
Operating efficiency ratio⁽¹⁾	105%	97%

(1) Operating efficiency ratio is defined as total expenses divided by total income.

Income

Net interest income

Net interest income for the Group's banking business line for the six months ended 30 June 2009 was EUR 78.1 million, an increase of EUR 34.8 million or 80.4% compared with EUR 43.3 million for the six months ended 30 June 2008. The increase was primarily due to growth in the mortgage portfolio for the Group, as well as consumer and commercial lending portfolios in the Group's banking business in Belgium. Interest expense for the Group's banking business line is based on funding costs which are linked to EURIBOR. As EURIBOR decreased in the first six months ended 30 June 2009, the Group's banking business line was able to profit from cheaper funding, resulting in lower interest expenses. Net interest income

does not take into account the interest rate swap effect, which is recorded under net trading income in the profit and loss statement.

Net fee and commission income

Net fee and commission income for the Group's banking business line for the six months ended 30 June 2009 was EUR 18.6 million, a decrease of EUR 4.7 million or 20.2% compared with EUR 23.3 million for the six months ended 30 June 2008. The decrease was due to declines in income generated from the sale of investment funds and decreased fees on client accounts as customers conducted fewer transactions, each as a result of the deterioration in the global economy.

Total investment income

Total investment income for the Group's banking business line for the six months ended 30 June 2009 was a loss of EUR 11.3 million, a decrease of EUR 27.9 million compared with a gain of EUR 16.6 million for the six months ended 30 June 2008. The decrease was primarily a result of losses in net trading income due to the effects of interest rate swaps which are used in the Group's Belgian operations. Despite increases in investment income due to significant unrealised gains in fixed income investments, net investment income decreased primarily as a result of the effects of interest rate swaps and the effects of the introduction of hedge accounting in October 2008.

Expenses

Staff costs and other administrative expenses for the Group's banking business line for the six months ended 30 June 2009 were relatively flat at EUR 91.3 million.

Additional expenses for value adjustments for other assets represents impairments on assets held in the available-for-sale portfolio and loss impairments for consumer and commercial loans. For the banking business line, this is part of expenses and not investment income which includes only the net trading income.

Net result

Net result for the Group's banking business line for the six months ended 30 June 2009 was EUR -1.8 million, a decrease of EUR 3.1 million compared with EUR 1.3 million for the six months ended 30 June 2008.

RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2008, 2007 AND 2006

Consolidated Results of Operations

The table below shows consolidated results of operations for the Group for the years ended 31 December 2008, 2007 and 2006.

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>Income:</i>			
Gross written premiums	5,911.2	5,304.5	4,312.2
Outward reinsurance premiums	-119.6	-188.6	-179.9
Net written premiums	5,791.6	5,115.9	4,132.4
Change in unearned premiums provision	-24.9	6.2	-0.1
Net premiums earned	5,766.7	5,122.2	4,132.3
Investment income	489.3	1,870.1	2,099.0
Share of profit or loss after tax of associates	-27.8	-3.2	2.9
Total investment income	461.5	1,866.9	2,101.9
Fee and commission income	366.2	342.5	323.8
Result on disposal of subsidiaries ⁽¹⁾	13.1	0.0	0.0
Other operating income	501.1	132.6	86.1
Total investment and other income	1,342.0	2,342.0	2,511.8
Total income	7,108.6	7,464.2	6,644.1
<i>Expenses:</i>			
Net claims and benefits paid	-3,557.3	-3,983.4	-3,153.4
Change in insurance liabilities (including liabilities for participating investment contracts)	-1,013.4	-296.1	-462.3
Profit sharing and discounts	-84.4	-133.1	-89.5
Expenses relating to the acquisition of insurance and investment contracts	-714.7	-615.7	-566.7
Expenses relating to the acquisition of other contracts	-41.2	-50.8	-55.5
Finance costs	-873.5	-757.2	-576.3
Other operating expenses	-1,028.6	-807.1	-826.7
Total expenses	-7,313.0	-6,643.4	-5,730.4
Result before tax from continuing operations	-204.3	820.8	913.7
Current tax	32.1	-29.1	-162.9
Result after tax from discontinued operations	19.0	-4.4	8.3
Net result	-153.2	787.3	759.1
<i>Attributable to:</i>			
Majority interests	-160.8	744.9	724.7
Minority interests ⁽²⁾	7.6	42.4	34.4
Net result	-153.2	787.3	759.1

(1) Sale of Delta Lloyd Investment Management in Germany.

(2) Mainly related to ABN AMRO Insurance.

The following discussion describing the Group's results of operations for the years ended 31 December 2008, 2007 and 2006 is based on the Group's audited consolidated financial statements, prepared in accordance with IFRS. The Group manages and discusses investment income at the Group level because a large part of the Group's hedges are held within the Group's Delta Lloyd brand insurance business. This affects not only the investment income of Group's Delta Lloyd brand insurance business but that of all of the Group's business lines, although investment income for the life and general insurance businesses is also particularly affected by the investment assets and investment strategies of those businesses. However, the

remaining line items in the consolidated results are driven by the specific results from each of the Group's four business lines. For more information on the key drivers within those business lines, please see the results of operations discussions for each of the individual business lines.

Income

Gross written premiums

Gross written premiums for the year ended 31 December 2008 were EUR 5,911.2 million, an increase of EUR 606.7 million or 11.4% compared with EUR 5,304.5 million for the year ended 31 December 2007. The increase was primarily due to an increase in gross written premiums in the Group's life insurance business in the Netherlands, primarily at the Delta Lloyd brand, and in the Group's life insurance business in Belgium as a result of the acquisition of Swiss Life Belgium.

Gross written premiums for the year ended 31 December 2007 were EUR 5,304.5 million, an increase of EUR 992.3 million or 23.0% compared with EUR 4,312.2 million for the year ended 31 December 2006. The increase was mainly due to a significant gain in gross written premiums for life insurance, driven by the Delta Lloyd brand life insurance business together with modest gains at the Group's OHRA and Belgian life insurance businesses. These gains were partially offset by losses in the Group's ABN AMRO brand life insurance business and the German life insurance business.

Total investment income

The table below shows the principal components of Group investment income for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
Interest income	1,868.8	1,653.6	1,414.5
Rental income	124.0	112.0	91.3
Dividends	487.0	395.5	331.8
Movements in the value of investments classified as trading	-39.9	-7.3	9.4
Movements in the value of investments classified as other than trading	-1,857.5	-927.2	-270.0
Realised gains and losses on available-for-sale investments	-768.7	519.3	274.1
Results from loans and receivables	-25.2	-5.7	32.8
Result from derivatives	734.2	43.9	103.5
Other investment income	-33.5	85.9	111.5
Share of profit or loss after tax of associates and subsidiaries	-27.8	-3.2	2.9
Total investment income	461.5	1,866.9	2,101.9

Total investment income for the year ended 31 December 2008 was EUR 461.5 million, a decrease of EUR 1,405.4 million or 75.3% compared with EUR 1,866.9 million for the year ended 31 December 2007. The significant decrease was due primarily to the negative impact of the recent economic downturn, which resulted in substantial increases in unrealised losses reflected in movements in the value of investments classified as other than trading, and impairments on available-for-sale investments in 2008. The decrease in 2008 was partially offset by significant gains in result from derivatives and an increase in interest income.

Total investment income for the year ended 31 December 2007 was EUR 1,866.9 million, a decrease of EUR 235.0 million or 11.2% compared with EUR 2,101.9 million for the year ended 31 December 2006. The decrease was a result of deterioration in the economic conditions in the markets in which the Group operates, reflecting a significant decrease in movements in the value of investments classified as other than trading, and only partially offset by increases in realised gains on available-for-sale investments and higher levels of interest income. The Group realised substantial gains on available-for-sale investments on a sale of ABN AMRO shares in 2007.

The components of total investment income are further discussed below under “Investment income on own risk portfolio” and “Investment income on policyholder risk assets”. Investment result under policyholder risk is attributable to the policyholder. The return on these funds has an impact on the size of the investments backing unit-linked policies, on which Delta Lloyd receives a fee income. If the return on these funds does not match the guaranteed return, there is a resulting loss for Delta Lloyd Group.

Investment income on own risk portfolio

The table below shows investment income for the Group’s own risk portfolio for the years ended 31 December 2008, 2007 and 2006.

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
Interest income	1,817.9	1,589.3	1,319.7
Rental income	124.0	112.0	91.3
Dividends	390.7	271.0	262.1
Movements in the value of investments classified as trading	-39.9	-7.3	9.4
Movements in the value of investments classified as other than trading	15.2	-801.8	-567.4
Realised gains and losses on available-for-sale investments	-768.7	519.3	274.1
Results from loans and receivables	-25.2	-5.7	32.8
Result from derivatives	734.2	43.9	103.5
Other investment income	-33.4	85.9	111.5
Share of profit or loss after tax of associates and subsidiaries	-27.8	-3.2	2.9
Total investment income	2,187.0	1,803.4	1,639.9

Interest income

Interest income for the year ended 31 December 2008 was EUR 1,817.9 million, an increase of EUR 228.6 million or 14.4% compared with EUR 1,589.3 million for the year ended 31 December 2007. The increase was primarily due to the acquisition of Swiss Life Belgium in 2008, the acquisition of new large pension contracts and the corresponding increase in Group assets under management (substantial portions of which were invested in fixed income securities) and reinvestments against a higher yield as credit spreads increased substantially in 2008.

Interest income for the year ended 31 December 2007 was EUR 1,589.3 million, an increase of EUR 269.6 million or 20.4% compared with EUR 1,319.7 million for the year ended 31 December 2006. The increase was primarily due to an increase in the fixed income portfolio as a result of the acquisition of new large pension contracts which increased Group assets under management.

Dividends

Dividends for the year ended 31 December 2008 were EUR 390.7 million, an increase of EUR 119.6 million or 44.1% compared with EUR 271.0 million for the year ended 31 December 2007. The increase reflected dividends paid by the issuers of securities held in the Group’s equity portfolio on the 2007 results before the recent economic downturn where levels were higher.

Dividends for the year ended 31 December 2007 were EUR 271.0 million, an increase of EUR 8.9 million or 3.4% compared with EUR 262.1 million for the year ended 31 December 2006. Dividend levels were similar in both years and there were no large volume effects.

Movements in the value of investments classified as other than trading

Movements in the value of investments classified as other than trading for the year ended 31 December 2008 resulted in a modest gain of EUR 15.2 million compared with a loss of EUR 801.8 million for the year ended 31 December 2007 and a loss of EUR 567.4 million for the year ended 31 December 2006. These results cover both realised and unrealised gains and

losses on the other than trading portfolio. The result for 2007 reflects increases in the risk-free interest curve which led to declines in the fair value of fixed income assets in the investment portfolio.

Realised gains and losses on available-for-sale investments

Realised gains and losses on available-for-sale investments for the year ended 31 December 2008 resulted in a loss of EUR 768.7 million compared with realised gains of EUR 519.3 million for the year ended 31 December 2007. The decrease was due primarily to a substantial increase in impairments in the Group's equity portfolio as global equity markets fell sharply during 2008 in response to the financial crisis.

Realised gains and losses on available-for-sale investments for the year ended 31 December 2007 were gains of EUR 519.3 million compared with EUR 274.1 million for the year ended 31 December 2006. In 2007 the sale of ABN AMRO shares led to substantial realised gains on available-for-sale investments.

Result from derivatives

Result from derivatives for the year ended 31 December 2008 was a gain of EUR 734.2 million compared with a gain of EUR 43.9 million for the year ended 31 December 2007. The gain recognised in the year ended 31 December 2008 was due primarily to gains from swaptions and put options as a result of deterioration in the global financial markets. The increase in result from derivatives partially offsets declines recorded in movements in the value of investments classified as other than trading and losses recognised on available-for-sale assets.

Result from derivatives for the year ended 31 December 2007 was a gain of EUR 43.9 million, a decrease of EUR 59.6 million or 57.6% compared with a gain of EUR 103.5 million for the year ended 31 December 2006. The decrease was due primarily to the increase in the swap curve and corresponding decrease in the value of the Group's fixed income derivatives.

Other investment income

Other investment income for the year ended 31 December 2008 was a loss of EUR 33.4 million, a decrease of EUR 119.3 million compared with EUR 85.9 million for the year ended 31 December 2007. The decrease was partly due to the transfer of several investment properties from the Group's Delta Lloyd brand life insurance business to Delta Lloyd Holding following an internal restructuring. The decrease was also due to fair value adjustments on investment properties as a result of changed market conditions following the recent economic downturn.

Other investment income for the year ended 31 December 2007 was EUR 85.9 million, a decrease of EUR 25.6 million or 23.0% compared with EUR 111.5 million for the year ended 31 December 2006. The decrease was due to the implementation of a new investment property valuation methodology within the Group's German life insurance business. Implementation of the new methodology resulted in a one-off positive fair value adjustment in the year ended 31 December 2006.

Investment income on policyholder risk assets

The table below shows investment income for the Group's policyholder risk portfolio for the years ended 31 December 2008, 2007 and 2006.

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
Interest income	50.9	64.3	94.8
Dividends	96.3	124.5	69.7
Movements in the value of investments classified as other than trading	-1,872.7	-125.4	297.4
Other investment income	-0.1	0.0	0.0
Total investment income	-1,725.6	63.4	461.9

Interest income

Interest income for the year ended 31 December 2008 was EUR 50.9 million, a decrease of EUR 13.4 million or 20.9% compared with EUR 64.3 million for the year ended 31 December 2007 as a result of lower fixed income securities in the investments backing unit-linked policies due to high cancellations as a result of negative publicity relating to unit-linked transparency policyholder claims.

Interest income for the year ended 31 December 2007 was EUR 64.3 million, a decrease of EUR 30.5 million or 32.1% compared with EUR 94.8 million for the year ended 31 December 2006 as a result of lower fixed income securities in the investments backing unit-linked policies due to high cancellations as a result of negative publicity relating to unit-linked transparency policyholder claims.

Dividends

Dividends for the year ended 31 December 2008 were EUR 28.2 million, a decrease of EUR 96.3 million or 22.6% compared with EUR 124.5 million for the year ended 31 December 2007 as a result of lower levels of equity securities in the investments backing unit-linked policies due to high cancellations as a result of negative publicity relating to unit-linked transparency policyholder claims.

Dividends for the year ended 31 December 2007 were EUR 124.5 million, an increase of EUR 54.8 million or 78.7% compared with EUR 69.7 million for the year ended 31 December 2006 due to high cancellations as a result of negative publicity relating to unit-linked transparency policyholder claims.

Movements in the value of investments classified as other than trading

Movements in the value of investments classified as other than trading for the year ended 31 December 2008 resulted in a loss of EUR 1.8 billion compared with a loss of EUR 125.4 million for the year ended 31 December 2007 and a gain of EUR 297.4 million for the year ended 31 December 2006. The result for 2007 reflects increases in the risk-free interest curve and for 2007 reflects widening credit spreads, all of which led to declines in the fair value of fixed income assets in the investment portfolio. The loss in 2008 was due to the decline in equity markets, because revaluations of other than trading equities (backing unit-linked policies) are recognised in the Group's profit and loss statements.

Fee and commission income

Fee and commission income for the year ended 31 December 2008 was EUR 366.2 million, an increase of EUR 23.7 million or 6.9% compared with EUR 342.5 million for the year ended 31 December 2007. The increase was driven primarily an increase of EUR 64.6 million in fee and commission income at the Group's life insurance business line primarily as a result of increases at the Group's life insurance business in Belgium due to the acquisition of Swiss Life Belgium, which resulted in an increase of unit-linked products classified as investment contracts. These products gave rise to an increase in fee and commission income. This increase was offset in part by decreases of EUR 12.0 million in the Group's general insurance business, EUR 18.6 million in the Group's banking business, and EUR 16.0 million in the Group's fund management business as a result of a significant decrease in assets under management due to lower valuations in financial markets, and a modest decrease in the Group's banking and general insurance businesses.

Fee and commission income for the year ended 31 December 2007 was EUR 342.5 million, an increase of EUR 18.7 million or 5.8% compared with EUR 323.8 million for the year ended 31 December 2006, due primarily to increases at the Group's life insurance business as a result of an increase in large single premium contracts and increases at the Group's general insurance business. These increases were partially offset by decreases in the Group's fund management and banking businesses. The change in the fund management business was related to a decrease in received performance fees as a result of negative developments in the financial markets. In addition, the outflow of third party retail investors in 2007 resulted in a further decrease in management fees. The decrease in the banking business was a result of reductions

in both volume and fee rates due to decreased demand for banking products during the recent economic downturn and decreases in fees and commissions received on the sale of third party funds.

Other operating income

Other operating income for the year ended 31 December 2008 was EUR 501.1 million, an increase of EUR 368.5 million or 277.9% compared with EUR 132.6 million for the year ended 31 December 2007. The increase was due to significant increases in income at Amstelhuys as a result of significant increases in funding spreads which led to a decrease in the value of the liabilities, which was not completely offset by the fair value changes of the assets.

Other operating income for the year ended 31 December 2007 was EUR 132.6 million, an increase of EUR 46.5 million or 54.0% compared with EUR 86.1 million for the year ended 31 December 2006. The increase was due to increases in income from Amstelhuys as a result of increased interest rates.

Expenses

Net claims and benefits paid

Net claims and benefits paid for the year ended 31 December 2008 was EUR 3,557.3 million, a decrease of EUR 426.2 million or 10.7% compared with EUR 3,983.4 million for the year ended 31 December 2007. Claims and benefits paid decreased by EUR 557.8 million at the Group's life insurance segment, offset by an increase of EUR 131.6 million at the Group's general insurance segment.

Net claims and benefits paid for the year ended 31 December 2007 was EUR 3,983.4 million, an increase of EUR 830.0 million or 26.3% compared with the year ended 31 December 2006. Claims and benefits paid increased by EUR 782.5 million at the Group's life insurance segment, and EUR 47.5 million at the Group's general insurance segment.

Change in insurance liabilities

The change in insurance liabilities for the year ended 31 December 2008 was an increase of EUR 1,013.4 million compared with an increase of EUR 296.1 million for the year ended 31 December 2007. The increase in insurance liabilities for the year ended 31 December 2008 was significantly reduced due to the application of the collateralised AAA bond curve (as compared to the DNB swap curve). The increase was also due to significant increases at the Delta Lloyd brand, Belgian and German life insurance businesses, which were partially offset by decreases at the OHRA brand and ABN AMRO Insurance brand life insurance businesses. Modest decreases in the change of insurance liabilities at the Group's general insurance businesses also partly offset the consolidated increase in insurance liabilities.

The change in insurance liabilities for the year ended 31 December 2007 was an increase of EUR 296.1 million, compared with an increase of EUR 462.3 million for the year ended 31 December 2006. The increase was due to significant increases at the Delta Lloyd brand, ABN AMRO Insurance brand, OHRA brand and Belgian life insurance businesses, which were partially offset by decreases at the Group's German life insurance businesses and at the Group's general insurance business.

Expenses relating to the acquisition of insurance and investment contracts

Expenses relating to the acquisition of insurance and investment contracts for the year ended 31 December 2008 were EUR 714.7 million, an increase of EUR 99.0 million or 16.1% compared with EUR 615.7 million for the year ended 31 December 2007. The increase reflected growth across the Group's insurance businesses as evidenced by growth in gross written premiums, and in particular with regard to increases at the Group's Delta Lloyd brand general insurance business as a result of significant new business written in 2008. Due to the increased use of independent agents to distribute these new policies, underwriting fees and expenses attributable to that new business increased relative to gross written premiums.

Expenses relating to the acquisition of insurance and investment contracts for the year ended 31 December 2007 were EUR 615.7 million, an increase of EUR 49.1 million or 8.7% compared with EUR 566.7 million for the year ended 31 December 2006. The increase was

due to a EUR 15.9 million increase at the Group's life insurance business and a EUR 33.2 million increase at the Group's general insurance business.

Finance costs

Finance costs for the year ended 31 December 2008 were EUR 873.5 million, an increase of EUR 116.3 million or 15.4% compared with EUR 757.2 million for the year ended 31 December 2007. The increase was primarily due to a large increase in finance costs at the Group's banking business line and at Amstelhuys due to higher interest rates and higher funding costs related to the unavailability of the securitisation market.

Finance costs for the year ended 31 December 2007 were EUR 757.2 million, an increase of EUR 180.8 million or 31.4% compared with EUR 576.3 million for the year ended 31 December 2006, led by increases in the banking business line and Amstelhuys as a result of higher interest rates.

Other operating expenses

Other operating expenses for the year ended 31 December 2008 were EUR 1,028.6 million, an increase of EUR 221.4 million or 27.4% compared with EUR 807.1 million for the year ended 31 December 2007. The increase includes a EUR 117.3 million increase in pension premiums paid on behalf of the Group's employees, EUR 38.3 million expenses of Swiss Life Belgium acquired at 30 June 2008, EUR 20.0 million in expenses related to the unit-linked transparency settlement, a EUR 30.0 million increase to IT-related expenses and an increase of EUR 33.2 million in the reorganisation provision related to the Group's Delta Lloyd brand insurance business, the Group's OHRA brand insurance business, and the Group's insurance business in Germany.

Other operating expenses for the year ended 31 December 2007 was EUR 807.1 million, a decrease of EUR 19.6 million or 2.4% compared with EUR 826.7 million for the year ended 31 December 2006.

Current tax

Current tax for the year ended 31 December 2008 was a credit of EUR 32.1 million, an increase of EUR 61.2 million compared with an charge of EUR 29.1 million for the year ended 31 December 2007.

Current tax for the year ended 31 December 2007 was a charge of EUR 29.1 million, a decrease of EUR 133.9 million compared with a charge of EUR 162.9 million for the year ended 31 December 2006.

The Group owns a large investment portfolio for which the gains and losses are subject to the participation exemption. See "Taxation – Introduction". This will affect the effective corporate income tax rate.

Net result

Net result for the year ended 31 December 2008 was EUR -153.2 million, a decrease of EUR 940.5 million compared with a net result of EUR 787.3 million for the year ended 31 December 2007, which was itself an increase of EUR 28.2 million compared with a net result of EUR 759.1 million for the year ended 31 December 2006.

Results of Operations for Life Insurance

The table below shows the results of operations for the Group's life insurance business for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>Income:</i>			
Gross written premiums	4,533.1	4,053.8	3,145.7
Outward reinsurance premiums	-26.6	-87.9	-90.0
Net written premiums	4,506.5	3,965.9	3,055.7
Change in unearned premiums provision	0.0	0.0	0.0
Net premiums earned	4,506.5	3,965.9	3,055.7
Investment income	264.3	1,300.0	1,581.1
Share of profit or loss after tax of associates	-9.1	7.5	0.8
Total investment income	255.2	1,307.6	1,581.9
Fee and commission income	168.5	103.9	84.2
Result on disposal of subsidiaries	0.0	0.0	0.0
Other operating income	57.6	15.6	19.6
Total investment and other income	481.3	1,427.1	1,685.8
Total income	4,987.8	5,393.0	4,741.4
<i>Expenses:</i>			
Net claims and benefits paid	-2,828.7	-3,386.4	-2,603.9
Change in insurance liabilities (including liabilities for participating investment contracts)	-1,019.5	-371.2	-456.9
Profit sharing and discounts	-84.4	-133.1	-89.5
Expenses relating to the acquisition of insurance and investment contracts	-329.9	-291.4	-275.6
Expenses relating to the acquisition of other contracts	0.0	0.0	0.0
Finance costs	-183.6	-265.4	-251.0
Other operating expenses	-392.2	-314.1	-269.5
Total expenses	-4,838.3	-4,761.6	-3,946.3
Result before tax from continuing operations	149.5	631.4	795.1
Current tax	-124.1	-45.0	-130.7
Result after tax from discontinued operations	0.0	0.0	0.0
Net result	25.4	586.4	664.4
Attributable to:			
Majority interests	25.4	586.2	664.4
Minority interests	-0.1	0.2	0.1
Net result	25.4	586.4	664.4

*Income*Gross written premiums

The table below shows gross written premiums for the Group's life insurance business line in the Netherlands, including the Group's three primary brands in the Netherlands, as well as for Belgium and Germany for the years ended 31 December 2008, 2007 and 2006.

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>The Netherlands</i>			
Delta Lloyd	2,771.9	2,241.8	1,524.4
ABN AMRO Insurance	575.1	613.1	685.5
OHRA	386.4	455.0	371.1
Total the Netherlands	3,733.4	3,310.0	2,581.0
Belgium	462.8	364.2	300.0
Germany	447.3	447.0	553.3
Other ⁽¹⁾	-110.4	-67.4	-288.6
Total	4,533.1	4,053.8	3,145.7

(1) Represents gross written premiums that the Group pays on behalf of its employees.

Gross written premiums for the Group's life insurance business for the year ended 31 December 2008 were EUR 4,533.1 million, an increase of EUR 479.3 million or 11.8% compared with EUR 4,053.8 million for the year ended 31 December 2007. The increase reflected gains at the Delta Lloyd brand life insurance business largely attributable to the group pension business and increases at the Group's life insurance business in Belgium as a result of the acquisition of Swiss Life Belgium. These increases were offset by modest declines for the OHRA and ABN AMRO Insurance brand life insurance businesses.

Gross written premiums for the year ended 31 December 2007 were EUR 4,053.8 million, an increase of EUR 908.1 million or 28.9% compared with EUR 3,145.7 million for the year ended 31 December 2006. The increase was due to significant gains at the Delta Lloyd brand life insurance business and modest gains at the OHRA brand and Belgium life insurance businesses offset in part by a modest decline in the ABN AMRO Insurance life insurance business and a significant decline in Germany.

The Netherlands

Delta Lloyd

The table below shows gross written premiums for the Delta Lloyd brand life insurance business broken down by annual and single premium life insurance policies for individuals and groups for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>Annual premium</i>			
Individual policies	307.0	316.1	309.8
Group policies	391.7	313.0	344.8
Total annual premium	698.8	629.1	654.5
<i>Single premium</i>			
Individual policies	289.2	331.6	175.3
Group policies	1,742.8	1,169.4	632.1
Total single premium	2,032.0	1,501.0	807.4
Inward reinsurance	41.3	111.5	62.5
Other differences	-0.2	0.2	0.0
Total gross written premiums	2,771.9	2,241.8	1,524.4

Gross written premiums for the Delta Lloyd brand life insurance business for the year ended 31 December 2008 were EUR 2,771.9 million, an increase of EUR 530.1 million or 23.6% compared with EUR 2,241.8 million for the year ended 31 December 2007. The increase was due to increases in annual premium and single premium group policies as a result of the Group's acquisition of several large pension contracts during 2008 and the full year contribution of Erasmus, which was acquired in April 2007. Those increases were offset by decreases in annual premium and single premium individual policies principally as a result of decreases in sales of unit-linked policies as a result of negative publicity relating to unit-linked transparency policyholder claims and lower investment returns. In addition, the Group shifted its strategic priority from certain types of individual life insurance at the Delta Lloyd brand and toward *bancaire lijfrente*.

Gross written premiums for the Delta Lloyd brand life insurance business for the year ended 31 December 2007 were EUR 2,241.8 million, an increase of EUR 717.4 million or 47.1% compared with EUR 1,524.4 million for the year ended 31 December 2006. The 47.1% increase reflected a significant increase in single premium group policies as a result of the acquisition of several large pension contracts and salary increases for beneficiaries within certain large pension contracts which led to additional contributions to group pensions from those beneficiaries. Single premium individual policies also increased, with immediate annuity life insurance policies (annuities that begin payments to beneficiaries immediately following policy inception) driving the increase. Growth in single premium individual policies reflected an increase in volume as the Group offered favourable pricing in response to competitive pressures.

ABN AMRO Insurance

The table below shows gross written premiums for the ABN AMRO Insurance brand life insurance business broken down by annual and single premium life insurance policies for individuals and groups for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>Annual premium</i>			
Individual policies	302.0	317.7	328.5
Group policies	30.4	23.2	17.0
Total annual premium	332.3	340.9	345.5
<i>Single premium</i>			
Individual policies	192.8	235.5	291.3
Group policies	7.2	7.6	21.2
Total single premium	200.0	243.0	312.5
Inward reinsurance	42.6	29.2	27.5
Other differences	0.2	0.0	0.0
Total gross written premiums	575.1	613.1	685.5

Gross written premiums for the ABN AMRO Insurance brand life insurance business for the year ended 31 December 2008 were EUR 575.1 million, a decrease of EUR 38.1 million or 6.2% compared with EUR 613.1 million for the year ended 31 December 2007. The decrease was due primarily to decreases in single premium individual policies as a result of decreased demand for unit-linked insurance largely as a result of competition from *bancaire lijfrente* and negative publicity relating to unit-linked transparency policyholder claims and poor investment returns, as well as growing customer uncertainty generally regarding the ABN AMRO Insurance brand following the takeover of ABN AMRO Bank by Fortis Bank.

Gross written premiums for the ABN AMRO Insurance brand life insurance business for the year ended 31 December 2007 were EUR 613.1 million, a decrease of EUR 72.4 million or 10.6% compared with EUR 685.5 million for the year ended 31 December 2006. The decrease primarily reflected declines in single premium individual policies as a result of lower sales of (immediate) annuity products due to reduced demand from customers who did not buy life insurance in order to take advantage of the introduction of *bancaire lijfrente* products in 2008.

OHRA

The table below shows gross written premiums for the OHRA brand life insurance business broken down by annual and single premium life insurance policies for individuals and groups for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>Annual premium</i>			
Individual policies	152.2	159.1	145.6
Group policies	0.0	0.0	0.0
Total annual premium	152.2	159.1	145.6
<i>Single premium</i>			
Individual policies	234.2	295.9	225.5
Group policies	0.0	0.0	0.0
Total single premium	234.2	295.9	225.5
Inward reinsurance	0.0	0.0	0.0
Other differences	0.0	0.0	0.0
Total gross written premiums	386.4	455.0	371.1

Gross written premiums for the OHRA brand life insurance business for the year ended 31 December 2008 were EUR 386.4 million, a decrease of EUR 68.6 million or 15.1% compared with EUR 455.0 million for the year ended 31 December 2007. The decline was due to decreased demand for traditional individual life insurance, especially immediate annuities, as the Group increased premium rates as part of its strategy to shift focus from increasing the volume of new business to profitability on insurance contracts. In addition, customer demand for unit-linked insurance declined as a result of negative publicity relating to unit-linked transparency policyholder claims, poor investment returns and the introduction of *bancaire lijfrente*.

Gross written premiums for the OHRA brand life insurance business for the year ended 31 December 2007 were EUR 455.0 million, an increase of EUR 83.9 million or 22.6% compared with EUR 371.1 million for the year ended 31 December 2006. The increase was due principally to increases in annual and single premium individual policies as a result of increased demand for traditional life insurance, especially the immediate annuities. During the period the Group focused on new business, offering favourable pricing compared to competitors in order to increase volume.

Belgium

The table below shows gross written premiums for the Group's life insurance business in Belgium broken down by annual and single premium life insurance policies for individuals and groups for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>Annual premium</i>			
Individual policies	65.1	24.8	21.8
Group policies	137.8	64.7	55.1
Total annual premium	202.9	89.5	76.9
<i>Single premium</i>			
Individual policies	188.8	238.8	195.1
Group policies	71.0	35.9	27.7
Total single premium	259.8	274.7	222.8
Inward reinsurance	0.0	0.0	0.3
Other differences	0.0	0.0	0.0
Total gross written premiums	462.8	364.2	300.0

Gross written premiums for the Group's life insurance business in Belgium for the year ended 31 December 2008 were EUR 462.8 million, an increase of EUR 98.6 million or 27.1% compared with EUR 364.2 million for the year ended 31 December 2007. The increase was primarily due to the acquisition of Swiss Life Belgium, which contributed gross written premiums of EUR 144 million during the last six months of 2008 and which resulted in a significant increase in annual premium group policies, and the development of a new product in collaboration with the Group's banking business in Belgium. Decreased demand for single premium individual policies was primarily a result of a 1.1% additional tax rate levied on single premium individual policies at the end of 2007 and declines in financial markets reducing consumer demand.

Gross written premiums for the Group's life insurance business in Belgium for the year ended 31 December 2007 were EUR 364.2 million, an increase of EUR 64.2 million or 21.4% compared with EUR 300.0 million for the year ended 31 December 2006. The increase was due primarily to the launch of universal life insurance single premium individual policies offering increased profit sharing as a result of gains in the financial markets. In addition, there was a one-time large increase in single premium business at the end of 2007 in anticipation of the tax increase referred to above.

Germany

The table below shows gross written premiums for the Group's life insurance business in Germany broken down by annual and single premium life insurance policies for individuals and groups for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>Annual premium</i>			
Individual policies	251.6	262.1	269.6
Group policies	104.2	107.4	141.1
Total annual premium	355.8	369.5	410.6
<i>Single premium</i>			
Individual policies	29.9	16.3	92.9
Group policies	61.5	61.2	49.6
Total single premium	91.4	77.5	142.6
Inward reinsurance	0.1	0.1	0.1
Other differences	0.0	0.0	0.0
Total gross written premiums	447.3	447.0	553.3

Gross written premiums for the Group's life insurance business in Germany for the year ended 31 December 2008 were flat at EUR 447.3 million, although the mix of gross written premiums reflects a slight decrease in annual premium individual policies as a result of higher than normal lapses in 2008 offset by an increase in single premium individual policies as a result of strong sales resulting from competitive product pricing by the Group, as well as an increase in credit life business.

Gross written premiums for the Group's life insurance business in Germany for the year ended 31 December 2007 were EUR 447.0 million, a decrease of EUR 106.3 million or 19.2% compared with EUR 553.3 million for the year ended 31 December 2006. The decrease was attributable principally to decreases in single premium individual policies and annual premium group policies, which were combined with the high rate single premium business, as a result of lower profit sharing offered on all policies and the cancellation of certain high rate annual premium group contracts in response to reductions in profit sharing rates.

Total investment income

Total investment income for the Group's life insurance business line for the year ended 31 December 2008 was EUR 255.2 million, a decrease of EUR 1,052.4 million or 80.5% compared with EUR 1,307.6 million for the year ended 31 December 2007. The sharp decline reflected substantial decreases across each of the Group's life insurance businesses (except the Delta Lloyd brand life insurance business, in which all of the Group's hedging of investment income for the period was booked, and which accordingly saw its result from derivatives increase by EUR 1,381.2 million).

Total investment income for the Group's life insurance business line for the year ended 31 December 2007 was EUR 1,307.6 million, a decrease of EUR 274.3 million compared with EUR 1,581.9 million for the year ended 31 December 2006. The decrease reflected significant decreases at the ABN AMRO Insurance brand and German life insurance businesses offset by modest increases at the Delta Lloyd and OHRA brand life insurance businesses.

Fee and commission income

Fee and commission income for the Group's life insurance business line for the year ended 31 December 2008 was EUR 168.5 million, an increase of EUR 64.6 million or 62.2% compared with EUR 103.9 million for the year ended 31 December 2007. The increase was primarily due to increases at the Group's life insurance business in Belgium as a result of the acquisition of Swiss Life Belgium, which resulted in an increase of unit-linked products classified as investment contracts and a consequent increase in assets under management. These

products gave rise to an increase in fee and commission income earned on the underlying assets. The increase from 2007 to 2008 was also due to an increase in new group pension contracts at the Delta Lloyd brand life insurance business. In addition, fee and commission income at the ABN AMRO Insurance brand life insurance business increased following an accounting change resulting in a transfer of certain investment income to fee and commission income.

Fee and commission income for the Group's life insurance business line for the year ended 31 December 2007 was EUR 103.9 million, an increase of EUR 19.7 million or 23.3% compared with EUR 84.2 million for the year ended 31 December 2006. The increase reflected modest increases across most of the Group's life insurance businesses as a result of higher commissions received on the underlying assets from investment contracts at the Delta Lloyd brand life insurance business, growth in annual premium group policies at the Group's life insurance business in Belgium and increased assets under management in Germany related to the distribution of fund products in Germany. See "Key Factors Affecting Results of Operations – Operations".

Other operating income

Other operating income for the Group's life insurance business line for the year ended 31 December 2008 was EUR 57.6 million, an increase of EUR 42.0 million compared with EUR 15.6 million for the year ended 31 December 2007. Other operating income increased significantly for the Delta Lloyd brand life insurance business and Belgium. The increase for the Delta Lloyd brand life insurance business was due to changes in the fair value of intercompany loans between Delta Lloyd Life and Amstelhuys caused by market interest rate movements. The increase in Belgium was a result of the release of provisions amounting to EUR 26.6 million due to changes in pension arrangements, resulting in an increase in other operating income during the 2008 period.

Other operating income for the Group's life insurance business line for the year ended 31 December 2007 was EUR 15.6 million, a modest decrease of EUR 4.0 million or 20.0% compared with EUR 19.6 million for the year ended 31 December 2006.

Expenses

Net claims and benefits paid

The table below shows net claims and benefits paid for the Group's life insurance business in the Netherlands, including the Group's three primary brands in the Netherlands, as well as for Belgium and Germany for the years ended 31 December 2008, 2007 and 2006.

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>The Netherlands</i>			
Delta Lloyd	1,347.4	1,853.8	1,318.2
ABN AMRO Insurance	507.0	470.1	464.9
OHRA	336.1	311.1	277.0
Total the Netherlands	2,190.5	2,635.1	2,060.2
Belgium	408.8	116.3	97.4
Germany	285.3	683.9	501.4
Other ⁽¹⁾	-55.9	-48.8	-55.1
Net claims and benefits paid	2,828.7	3,386.4	2,603.9

(1) Represents amounts paid by the Group on behalf of its employees.

Net claims and benefits paid for the Group's life insurance business line for the year ended 31 December 2008 were EUR 2,828.7 million, a decrease of EUR 557.8 million or 16.5% compared with EUR 3,386.4 million for the year ended 31 December 2007. The decrease was

primarily driven by decreases at the Group's Delta Lloyd brand and German life insurance businesses offset by an increase at the Group's life insurance business in Belgium.

Net claims and benefits paid for the Group's life insurance business line for the year ended 31 December 2007 were EUR 3,386.4 million, an increase of EUR 782.5 million or 30.1% compared with EUR 2,603.9 million for the year ended 31 December 2006, reflecting a significant increase at the Delta Lloyd brand life insurance business and modest increases among the other businesses, including Belgium and Germany, with the exception of OHRA.

The Netherlands

Delta Lloyd

Net claims and benefits paid for the Delta Lloyd brand life insurance business for the year ended 31 December 2008 were EUR 1,347.4 million, a decrease of EUR 506.4 million or 27.3% compared with EUR 1,853.8 million for the year ended 31 December 2007, which itself represented an increase of EUR 535.6 million or 40.6% compared with the year ended 31 December 2006. The increase in 2007 and subsequent decrease in 2008 was due primarily to the cancellation of three significant pension contracts in 2007, which resulted in an unusually high level of claims paid in 2007.

ABN AMRO Insurance

Net claims and benefits paid for the ABN AMRO Insurance brand life insurance business for the year ended 31 December 2008 were EUR 507.0 million, an increase of EUR 36.8 million or 7.8% compared with EUR 470.1 million for the year ended 31 December 2007. The increase was largely due to early cancellations of policies from customers primarily transitioning to *bancaire lijfrente*, an increase in maturing policies and an increase in death benefits paid.

Net claims and benefits paid for the ABN AMRO Insurance brand life insurance business for the year ended 31 December 2007 were EUR 470.1 million, an increase of EUR 5.2 million or 1.1% compared with EUR 464.9 million the year ended 31 December 2006. The increase in this period is due to cancellations of policies due to negative publicity relating to unit-linked transparency policyholder claims, partly offset by the impact of a decrease in maturing policies and a decrease in death benefits paid.

OHRA

Net claims and benefits paid for the OHRA brand life insurance business for the year ended 31 December 2008 were EUR 336.1 million, an increase of EUR 25.0 million or 8.0% compared with the year ended 31 December 2007, due to structurally higher benefits paid as a result of an increase in the long term immediate annuities portfolio. Although gross written premiums decreased in the year ended 31 December 2008 compared with the year ended 31 December 2007, the long term immediate annuities portfolio increased because immediate annuities are characterised as single premium.

Net claims and benefits paid for the OHRA brand life insurance business for the year ended 31 December 2007 were EUR 311.1 million, an increase of EUR 34.1 million or 12.3% compared with the year ended 31 December 2006, resulting from higher benefits paid due to increased sales of traditional and unit-linked individual life insurance contracts.

Belgium

Net claims and benefits paid for the Group's life insurance business in Belgium for the year ended 31 December 2008 were EUR 408.8 million, an increase of EUR 292.5 million or 251.5% compared with EUR 116.3 million for the year ended 31 December 2007. The increase was principally due to the Swiss Life Belgium acquisition.

Net claims and benefits paid for the Group's life insurance business in Belgium for the year ended 31 December 2007 were EUR 116.3 million, an increase of EUR 18.9 million or 19.4% compared with EUR 97.4 million for the year ended 31 December 2006, primarily due to payments made on non-linked products of which 50% were end of term and 50% were early cancellations. The early cancellations were the result of a commercial action before the

introduction of the tax increase at the end of 2007, which caused customers to change products.

Germany

Net claims and benefits paid for the Group's life insurance business in Germany for the year ended 31 December 2008 were EUR 285.3 million, a decrease of EUR 398.6 million or 58.3% compared with EUR 683.9 million for the year ended 31 December 2007. The sharp decrease was due to a lower cancellation rate of certain high rate annual premium group contracts compared with 2007, as well as positive effects from changing the reinsurance contract. See "– Key Factors Affecting Results of Operations – Change of Reinsurance Contract in Germany".

Net claims and benefits paid for the Group's life insurance business in Germany for the year ended 31 December 2007 were EUR 683.9 million, an increase of EUR 182.4 million or 36.4% compared with the year ended 31 December 2006, due to increases related to the cancellation of certain high rate annual premium group contracts.

Change in insurance liabilities

The table below shows the change in insurance liabilities for the Group's life insurance business in the Netherlands, including the Group's three primary brands in the Netherlands, as well as for Belgium and Germany for the years ended 31 December 2008, 2007 and 2006. The increase in insurance liabilities for the year ended 31 December 2008 was significantly reduced by the increase of the relevant insurance liabilities discount rate which reduced the change in insurance liabilities by EUR 132 million.

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>The Netherlands</i>			
Delta Lloyd	1,514.4	118.8	-46.0
ABN AMRO Insurance	-507.1	57.8	330.3
OHRA	-155.5	193.9	83.6
Total the Netherlands	851.8	370.4	368.0
Belgium	127.3	228.9	197.0
Germany	149.0	-215.7	184.4
Other ⁽¹⁾	-108.5	-12.4	-292.5
Change in insurance liabilities	1,019.5	371.2	456.9

(1) Represents the change in insurance liabilities the Group incurred on behalf of its employees.

The change in insurance liabilities for the Group's life insurance business line for the year ended 31 December 2008 was an increase of EUR 1,019.5 million compared with an increase of EUR 371.2 million for the year ended 31 December 2007. The 2008 change reflects an increase at the Delta Lloyd brand life insurance business, Belgium and Germany, offset by decreases at OHRA and ABN AMRO Insurance business lines. The change in 2007 was primarily due to increases across the Group's life insurance brands, with the exception of the decreases at the Group's German life insurance businesses.

The Netherlands

The change in insurance liabilities for the Group's life insurance business in the Netherlands for the year ended 31 December 2008 was EUR 851.8 million, compared with an increase of EUR 370.4 million for the year ended 31 December 2007. The overall change in 2008 was driven by an increase of EUR 1,514.4 million at the Delta Lloyd brand life insurance business principally due to the effect of substantial increases in group pensions and related concessions on these contracts, a EUR 122 million increase in provisions resulting from the unit-linked transparency policyholder settlement, and a EUR 235 million increase to provisions for the

guarantee of payments under unit-linked life insurance policies. The latter increase was primarily due to declining financial markets. This increase was offset by a reduction in insurance liabilities at the ABN AMRO Insurance brand and OHRA brand life insurance businesses of EUR 507.1 million and EUR 155.5 million, respectively, mainly as a result of decreases in underlying fund values on unit-linked portfolios where the policyholder carries the investment risk.

The change in insurance liabilities for the Group's life insurance business in the Netherlands for the year ended 31 December 2007 was an increase of EUR 370.4 million compared with an increase of EUR 368.0 million for the year ended 31 December 2006. The change in 2007 was due to an increase of EUR 118.8 million at the Group's Delta Lloyd brand life insurance business resulting from decreases in interest rates and increases in provisions for the guarantee of payments under unit-linked life insurance policies. The overall change can also be attributed to an addition of EUR 57.8 million at the ABN AMRO Insurance brand life insurance business, also due to increases in provisions for the guarantee of payments under unit-linked life insurance policies. The 2007 increase also reflects an increase of EUR 193.9 million at the OHRA brand life insurance business as a result of increased sales of traditional and unit-linked insurance policies, especially immediate annuities.

Belgium

The change in insurance liabilities for the Group's life insurance business in Belgium for the year ended 31 December 2008 was an increase of EUR 127.3 million, compared with an increase of EUR 228.9 million for the year ended 31 December 2007. The change in 2008 was due to an increase as a result of the acquisition of Swiss Life Belgium as of 30 June 2008, and a strong increase in gross written premiums of group policies. The increase was partly offset by a decrease in insurance liabilities resulting from the sale of Commercial Union Luxembourg to NewPel at the end of October 2008.

The change in insurance liabilities for the Group's life insurance business in Belgium for the year ended 31 December 2007 was an increase of EUR 228.9 million, compared with an increase of EUR 197 million for the year ended 31 December 2006. The 2007 increase was largely influenced by the higher single premiums in the universal life individual business, partly offset by an increase in market interest rates, which resulted in a decrease of the market value of the insurance liabilities.

Germany

The change in insurance liabilities for the Group's life insurance business in Germany for the year ended 31 December 2008 was an increase of EUR 149.0 million, compared with a decrease of EUR 215.7 million for the year ended 31 December 2007. The increase in 2008 was primarily a result of changing the reinsurance contract, and an addition to the restructuring provision, offset by a decrease in the high rate single premium business. See "[Key Factors Affecting Results of Operations – Change of Reinsurance Contract in Germany](#)".

The change in insurance liabilities for the Group's life insurance business in Germany for the year ended 31 December 2007 was a decrease of EUR 215.7 million, compared with an increase in liabilities of EUR 184.4 million for the year ended 31 December 2006. The reduction in liabilities for 2007 was due to lower gross written premiums in 2007 and the cancellation of certain high rate annual premium group contracts and single premium individual contracts.

Expenses relating to the acquisition of insurance and investment contracts

Expenses relating to the acquisition of insurance and investment contracts for the Group's life insurance business line for the year ended 31 December 2008 were EUR 329.9 million, an increase of EUR 38.5 million or 13.2% compared with EUR 291.4 million for the year ended 31 December 2007. The higher expenses in 2008 reflected increases at the Group's German life insurance business due to achieving a high new business volume in savings products on which higher commissions are paid and the life insurance business in Belgium following the acquisition of Swiss Life Belgium.

Expenses relating to the acquisition of insurance and investment contracts for the Group's life insurance business line for the year ended 31 December 2007 were EUR 291.4 million, an increase of EUR 15.9 million or 5.8% compared with EUR 275.6 million for the year ended 31 December 2006. The increase was primarily due to increases at the Delta Lloyd brand and Belgian life insurance businesses as a result of higher levels of new business, partly offset by OHRA due to the transfer of a sales organisation which was previously recorded under the Group's OHRA brand life insurance business to "Other".

Finance costs

Finance costs for the Group's life insurance business line for the year ended 31 December 2008 were EUR 183.6 million, a decrease of EUR 81.8 million or 30.8% compared with EUR 265.4 million for the year ended 31 December 2007. The decrease was primarily a result of decreases of EUR 55.5 million at the Delta Lloyd brand life insurance business and EUR 24.4 million at the Group's life insurance business in Germany. The decrease at the Delta Lloyd brand life insurance business was related to consolidated special purpose securitisation vehicles which issued certain notes with variable interest rates, which were affected by market interest rate movements. In addition, finance costs decreased as a result of partial redemption of the notes. See "- New Business - Mortgages". The decrease in the Group's life insurance business in Germany was a result of a decrease in the Landesbank subordinated debt held within a property fund owned by the Group's German insurance business.

Finance costs for the Group's life insurance business line for the year ended 31 December 2007 were EUR 265.4 million, an increase of EUR 14.4 million or 5.7% compared with EUR 251.0 million for the year ended 31 December 2006. The increase was primarily a result of an increase of EUR 16.1 million at the Delta Lloyd brand life insurance business due to the variable interest rates on the notes issued by the special purpose securitisation vehicles.

Other operating expenses

Other operating expenses for the Group's life insurance business line for the year ended 31 December 2008 were EUR 392.2 million, an increase of EUR 78.1 million or 24.9% compared with EUR 314.1 million for the year ended 31 December 2007. The increase reflected a variety of operating expenses, notably EUR 30.4 million in additional expenses at the Group's life insurance business in Belgium as a result of the acquisition of Swiss Life Belgium.

Other operating expenses for the Group's life insurance business line for the year ended 31 December 2007 were EUR 314.1 million, an increase of EUR 44.6 million or 16.6% compared with EUR 269.5 million for the year ended 31 December 2006. The increase reflected, among other things, higher staff expenses, expenses for temporary employees (as a result of a significant increase in external headcount) and expenses as a result of acquisitions.

Net result

Net result for the Group's life insurance business for the year ended 31 December 2008 was EUR 25.4 million, a decrease of EUR 561.0 million compared with a net result of EUR 586.4 million for the year ended 31 December 2007, which was itself a decrease of EUR 78 million compared with a net result of EUR 664.4 million for the year ended 31 December 2006.

Results of Operations for General Insurance

The table below shows the results of operations and certain operating data for the Group's general insurance business for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million, except percentages)		
<i>Income:</i>			
Gross written premiums	1,377.9	1,250.9	1166.6
Outward reinsurance premiums	-93.0	-100.7	-89.8
Net written premiums	1,284.9	1,150.2	1,076.7
Change in unearned premiums provision	-24.9	6.2	-0.1
Net premiums earned	1,260.0	1,156.4	1,076.7
Investment income	-26.8	80.3	74.2
Share of profit or loss after tax of associates	5.7	2.2	0.1
Total investment income	-21.1	82.4	74.4
Fee and commission income	33.5	45.4	21.8
Result on disposal of subsidiaries	0.0	0.0	0.0
Other operating income	20.2	-2.9	1.8
Total investment and other income	32.5	125.0	98.0
Total income	1,292.5	1,281.4	1,174.6
<i>Expenses:</i>			
Net claims and benefits paid	-728.6	-597.0	-549.5
Change in insurance liabilities	6.1	75.1	-5.4
Profit sharing and discounts	0.0	0.0	0.0
Expenses relating to the acquisition of insurance contracts	-384.8	-324.3	-291.1
Expenses relating to the acquisition of other contracts	0.0	0.0	0.0
Finance costs	-4.4	-2.8	-2.9
Other operating expenses	-194.2	-204.3	-136.7
Total expenses	-1,305.9	-1,053.3	-985.7
Result before tax from continuing operations	-13.3	228.1	189.0
Current tax	-2.0	-52.3	-58.8
Result after tax from discontinued operations	19.0	-4.4	8.3
Net result	3.7	171.3	138.4
Attributable to:			
Majority interests	3.7	171.3	138.4
Minority interests	0.0	0.0	0.0
Net result	3.7	171.3	138.4
Claims ratio	57.3%	45.1%	51.5%
Expense ratio	19.4%	19.8%	17.9%
Commission ratio	19.8%	21.0%	19.7%
Combined ratio	96.5%	85.9%	89.2%

*Income*Gross written premiums

The table below shows gross written premiums for the Group's general insurance business in the Netherlands, including the Group's three primary brands in the Netherlands, as well as Belgium for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>The Netherlands</i>			
Delta Lloyd	907.9	817.0	799.5
ABN AMRO Insurance	283.7	281.6	242.7
OHRA	177.0	166.7	151.2
Other	-19.4	-14.3	-26.8
Total the Netherlands	1,349.2	1,250.9	1,166.6
Belgium	28.7	0.0	0.0
Total gross written premiums	1,377.9	1,250.9	1,166.6

(1) Represents the elimination of intercompany reinsurance

Gross written premiums for the Group's general insurance business line for the year ended 31 December 2008 were EUR 1,377.9 million, an increase of EUR 127.0 million or 10.1% compared with EUR 1,250.9 million for the year ended 31 December 2007. This increase was driven principally by an increase in gross written premiums for the Delta Lloyd brand in the Netherlands and the addition of general insurance in Belgium due to the acquisition of Swiss Life Belgium.

Gross written premiums for the Group's general insurance business line for year ended 31 December 2007 were EUR 1,250.9 million, an increase of EUR 84.4 million or 7.2% compared with EUR 1,166.6 million for the year ended 31 December 2006, reflecting increases in each of the Group's brands in the Netherlands.

The Netherlands*Delta Lloyd*

Gross written premiums for the Delta Lloyd brand general insurance business for the year ended 31 December 2008 were EUR 907.9 million, an increase of EUR 90.9 million or 11.1% compared with EUR 817.0 million for the year ended 31 December 2007. This increase was due to increases in almost all business lines and was also due to the acquisition of a relatively small portfolio. The increase also reflects the consolidation of Erasmus for the full year in 2008, while it was only consolidated for the last nine months of 2007.

Gross written premiums for the Delta Lloyd brand general insurance business for the year ended 31 December 2007 were EUR 817.0 million, an increase of EUR 17.5 million or 2.2% compared with EUR 799.5 million for the year ended 31 December 2006. In 2006, the Group's Delta Lloyd brand general insurance business experienced one-off gains due to a change in reinsurance policies and an income and absenteeism contract with ABN AMRO. These one-off gains were off-set by the acquisition of Erasmus, which contributed to the increase of gross written premiums in 2007. The Group also experienced growth in motor insurance and several other general insurance products, offset by lower premiums in income and absenteeism.

ABN AMRO Insurance

Gross written premiums for the ABN AMRO Insurance brand general insurance business for the year ended 31 December 2008 were flat at EUR 283.7 million compared with the year ended 31 December 2007. Although there was little change in gross written premiums, the ABN AMRO Insurance brand experienced a decrease in gross written premiums from motor

insurance due to competitive pressure on pricing, offset by an increase in gross written premiums of income and absenteeism due to an increase in premiums charged to customers.

Gross written premiums for the ABN AMRO Insurance brand general insurance business for the year ended 31 December 2007 were EUR 281.6 million, an increase of EUR 38.9 million or 16.0% compared with EUR 242.7 million for the year ended 31 December 2006. The increase was due in large part to a change in legislation which gave rise to a one-off premium restitution of EUR 48 million paid in 2006 in relation to a large income and absenteeism contract with ABN AMRO Bank, resulting in a decrease for that year.

OHRA

Gross written premiums for the OHRA brand general insurance business for the year ended 31 December 2008 were EUR 177.0 million, an increase of EUR 10.3 million or 6.2% compared with EUR 166.7 million for the year ended 31 December 2007. This increase primarily reflects increases at Virtes, which began distributing “white label” products in 2007 but expanded operations in 2008.

Gross written premiums for the OHRA brand general insurance business for the year ended 31 December 2007 were EUR 166.7 million, an increase of EUR 15.5 million or 10.3% compared with EUR 151.2 million for the year ended 31 December 2006. This increase reflects increases in the sales of the income and absenteeism products and the effect of a partial year of distribution of general insurance through Virtes.

Belgium

Gross written premiums for the Group’s general insurance business in Belgium for the year ended 31 December 2008 were EUR 28.7 million as a result of the acquisition of Swiss Life Belgium and represent premiums received from the six-month period from 1 July 2008. Prior to that acquisition, the Group did not offer general insurance in Belgium.

Total investment income

Total investment income for the Group’s general insurance business for the year ended 31 December 2008 was a loss of EUR 21.1 million, a decrease of EUR 103.5 million compared with EUR 82.4 million for the year ended 31 December 2007. The change reflected decreases of EUR 87.3 million at the Delta Lloyd brand, EUR 16.2 million at the ABN AMRO Insurance brand, and EUR 2.1 million at the OHRA brand, offset by an additional EUR 2.0 million as a result of the acquisition of Swiss Life Belgium. The decrease reflects lower investment returns due to weaker financial markets.

Total investment income for the Group’s general insurance business for the year ended 31 December 2007 was EUR 82.4 million, an increase of EUR 8.1 million or 10.9% compared with the year ended 31 December 2006. This increase resulted from increases of EUR 9.5 million at the Delta Lloyd brand and EUR 1.3 million at the OHRA brand and was offset by a decrease of EUR 2.8 million at the ABN AMRO Insurance brand.

Other operating income

Other operating income for the Group’s general insurance business for the year ended 31 December 2008 was EUR 20.2 million, an increase of EUR 23.1 million compared with a loss of EUR 2.9 million for the year ended 31 December 2007. The change reflected increases at the Group’s Delta Lloyd brand insurance business and OHRA brand insurance business due to the release of loss-making contracts related to the health business.

*Expenses*Net claims and benefits paid

The table below shows net claims and benefits paid for the Group's general insurance business in the Netherlands and Belgium, and the Group's three primary brands in the Netherlands for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>The Netherlands</i>			
Delta Lloyd	481.4	427.2	374.7
ABN AMRO Insurance	128.1	116.9	113.6
OHRA	96.7	52.8	61.2
Total the Netherlands	706.2	597.0	549.5
Belgium	22.4	0.0	0.0
Net claims and benefits paid	728.6	597.0	549.5

Net claims and benefits paid for the Group's general insurance business line for the year ended 31 December 2008 were EUR 728.6 million, an increase of EUR 131.6 million or 22.0% compared with EUR 597.0 million for the year ended 31 December 2007. The increase reflected increases in the Netherlands primarily driven by increases at the Delta Lloyd and OHRA brands and, to a lesser extent, the addition of results in Belgium from the acquisition of Swiss Life Belgium.

Net claims and benefits paid for the Group's general insurance business line for the year ended 31 December 2007 were EUR 597.0 million, an increase of EUR 47.5 million or 8.6% compared with EUR 549.5 million for the year ended 31 December 2006. The increase was driven by an increase at the Delta Lloyd brand but offset by a decrease at the OHRA brand.

The Netherlands*Delta Lloyd*

Net claims and benefits paid for the Delta Lloyd brand general insurance business for the year ended 31 December 2008 were EUR 481.4 million, an increase of EUR 54.2 million or 12.7% compared with EUR 427.2 million for the year ended 31 December 2007. The increase reflected increases in gross written premiums driven by the acquisition of Erasmus, as well as higher claims frequency on the fire and motor portfolios.

Net claims and benefits paid for the Delta Lloyd brand general insurance business for the year ended 31 December 2007 were EUR 427.2 million, an increase of EUR 52.5 million or 14.0% compared with EUR 374.7 million for the year ended 31 December 2006. The increase resulted from a general increase in gross written premiums driven in part by the acquisition of Erasmus as well as storm Kyrill, which generated EUR 13.5 million in claims for the Delta Lloyd brand.

ABN AMRO Insurance

Net claims and benefits paid for the ABN AMRO Insurance brand general insurance business for the year ended 31 December 2008 were EUR 128.1 million, an increase of EUR 11.2 million or 9.6% compared with EUR 116.9 million for the year ended 31 December 2007. The increase was due to an increase in commercial claims for fire accidents. Furthermore, the payment amounts received from reinsurance in 2008 relative to 2007 decreased due to a decrease in the number of fire claims which were covered by reinsurance.

Net claims and benefits paid for the ABN AMRO Insurance brand general insurance business for the year ended 31 December 2007 were EUR 116.9 million, an increase of EUR 3.3 million or 2.9% compared with EUR 113.6 million for the year ended 31 December 2006. The 2007 storm Kyrill generated EUR 7 million in claims for the ABN AMRO Insurance brand, a portion of which was covered by reinsurance, resulting in net costs of EUR 4.5 million.

OHRA

Net claims and benefits paid for the OHRA brand general insurance business for the year ended 31 December 2008 were EUR 96.7 million, an increase of EUR 43.8 million or 83.0% compared with EUR 52.8 million for the year ended 31 December 2007. The increase was due to higher claims frequency, particularly within personal health insurance policies, individual fire and, to a lesser degree, motor policies. In addition, there were claims arising from a hailstorm which were not covered by reinsurance.

Net claims and benefits paid for the OHRA brand general insurance business for the year ended 31 December 2007 were EUR 52.8 million, a decrease of EUR 8.4 million or 13.7% compared with EUR 61.2 million for the year ended 31 December 2006. The decrease was due to decreases in income and absenteeism, though offset slightly by increases at Virtes and the storm Kyrill, which generated EUR 3.6 million in claims for the OHRA brand, a portion of which was covered by reinsurance, resulting in a net cost of EUR 2 million.

Belgium

Net claims and benefits paid for the Group's general insurance business in Belgium for the year ended 31 December 2008 were EUR 22.4 million as a result of the acquisition of Swiss Life Belgium. At the time of the acquisition, the Group did not offer general insurance in Belgium.

Change in insurance liabilities

The change in insurance liabilities for the Group's general insurance business line for the year ended 31 December 2008 was a decrease of EUR 6.1 million compared with a decrease of EUR 75.1 million for the year ended 31 December 2007. The 2008 low level of change reflected decreases at the Group's Delta Lloyd brand general insurance business based on annual testing of the adequacy of provisioning for liabilities, which was partially offset by increases at both the ABN AMRO Insurance and OHRA brand business lines based on annual testing of the adequacy of provisioning for liabilities.

The change in insurance liabilities for the Group's general insurance business line for the year ended 31 December 2007 was a decrease of EUR 75.1 million, compared with an increase of EUR 5.4 million for the year ended 31 December 2006. The 2007 decrease was primarily due to the Delta Lloyd general insurance brand's release of IBNR provisions due to the reassessment of product groups and the release of provisions as a result of changes in the Group's actuarial and provisioning models. In addition, the ABN AMRO Insurance brand general insurance business line contributed significantly to the 2007 decrease due to changes in the Group's actuarial and provisioning models. The overall 2007 decrease was partially offset by an increase at OHRA, due to expanding new business at Virtes, especially motor insurance, and increasing gross written premiums of the income and absenteeism product.

Expenses relating to the acquisition of insurance contracts

Expenses relating to the acquisition of insurance contracts for the Group's general insurance business line for the year ended 31 December 2008 were EUR 384.8 million, an increase of EUR 60.5 million or 18.7% compared with EUR 324.3 million for the year ended 31 December 2007. The increase was primarily due to an increase at the Delta Lloyd brand of EUR 50.9 million as a result of significant new business written in 2008 and corresponding growth in gross written premiums. However, due to increased use of independent agents to distribute these new policies, underwriting fees and expenses attributable to that new business increased relative to gross written premiums.

Expenses relating to the acquisition of insurance contracts for the Group's general insurance business line for the year ended 31 December 2007 were EUR 324.3 million, an increase of EUR 33.2 million or 11.4% compared with EUR 291.0 million for the year ended 31 December 2006.

Other operating expenses

Other operating expenses for the Group's general insurance business line for the year ended 31 December 2008 were EUR 194.2 million, a decrease of EUR 10.1 million or 5.0%

compared with EUR 204.3 million for the year ended 31 December 2007, due to an increased transfer of expenses to acquisitions of contracts and to claims handling expenses at each of the Group's general insurance brands, partly offset by higher staff expenses due to increased pensions costs and higher expenses for temporary employees.

Other operating expenses for the Group's general insurance business line for the year ended 31 December 2007 were EUR 204.3 million, an increase of EUR 67.6 million or 49.4% compared with EUR 136.7 million for the year ended 31 December 2006. The increase was primarily due to the restructuring and centralisation of back office functions, human resources and information technology functions and the acquisition of Erasmus.

Net result

Net result for the Group's general insurance business line for the year ended 31 December 2008 was EUR 3.7 million, a decrease of EUR 167.6 million compared with a net result of EUR 171.3 million for the year ended 31 December 2007, which was itself an increase of EUR 32.9 million compared with a net result of EUR 138.4 million for the year ended 31 December 2006.

Operating ratios

The table below shows the claims ratio, expense ratio and commission ratio, each of which is expressed as a percentage of net premiums earned, for the Group's general insurance business for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
Total benefits and claims	57.8%	51.6%	51.0%
Total net changes in insurance liabilities	-0.5%	-6.5%	0.5%
Claims ratio	57.3%	45.1%	51.5%
Expense ratio	19.4%	19.8%	17.9%
Commission ratio	19.8%	21.0%	19.7%
Combined ratio	96.5%	85.9%	89.2%

The combined ratio was 96.5% for the year ended 31 December 2008, an increase of 10.6 percentage points compared with a combined ratio of 85.9% for the year ended 31 December 2007. The increase in the combined ratio was partially due to the Group's operations in Belgium which had a combined ratio of 127.6% in 2008, which caused the Group's combined ratio to be 0.7 percentage points higher in the year ended 31 December 2008, as well as a significant increase in the claims ratio from 45.1% in 2007 to 57.3% in 2008. The combined ratio was 85.9% for the year ended 31 December 2007, a decrease of 3.3 percentage points compared with a combined ratio of 89.2% for the year ended 31 December 2006.

As discussed under “– Key Factors Affecting Results of Operations – Cost reduction programme”, certain operating expenses are allocated to claims handling expenses for purposes of presenting these line items in the financial statements. Expenses related to claims handling are allocated under IFRS accounting to “net claims and benefits paid” and therefore impact the level of the claims ratio.

Claims ratio

The claims ratio for the Group's general insurance business line for the year ended 31 December 2008 was 57.3%, an increase of 12.2 percentage points compared with 45.1% for the year ended 31 December 2007. The increase reflects higher than average claims frequency and comparatively lower provision releases in 2008 compared to 2007. The relatively large decrease in insurance liabilities in the year ended 31 December 2007 was the result of the Delta Lloyd brand general insurance business's release of IBNR provisions due to a reassessment of product groups and the release of provisions as a result of changes in the Group's actuarial and provisioning models. In addition, the ABN AMRO Insurance brand general business line contributed significantly to the decrease in the year ended 31 December 2007 due to changes in the Group's actuarial and provisioning models.

The claims ratio for the Group's general insurance business line for the year ended 31 December 2007 was 45.1%, a decrease of 6.4 percentage points compared with 51.5% for the year ended 31 December 2006. The claims ratio decrease was primarily due to comparatively high provision releases in 2007 at the Delta Lloyd brand general insurance business line and the ABN AMRO Insurance brand general business line, due to the factors discussed above.

Expense ratio

The expense ratio for the Group's general insurance business line for the year ended 31 December 2008 was 19.4%, a modest decrease of 0.4 percentage points compared with 19.8% for the year ended 31 December 2007.

The expense ratio for the Group's general insurance business line for the year ended 31 December 2007 was 19.8%, an increase of 1.9 percentage points compared with 17.9% for the year ended 31 December 2006. This change was primarily due to higher staff expenses as a result of organisational changes in 2007 and costs related to restructuring and centralisation of back office functions at the Delta Lloyd brand and the OHRA brand general insurance businesses.

Commission ratio

The commission ratio for the Group's general insurance business line for the year ended 31 December 2008 was 19.8%, a decrease of 1.2 percentage points compared with 21.0% for the year ended 31 December 2007. This change was primarily due to a relative decrease in commissions paid.

The commission ratio for the Group's general insurance business line for the year ended 31 December 2007 was 21.0%, an increase of 1.3 percentage points compared with 19.7% for the year ended 31 December 2006. This change was primarily due to the acquisition of Erasmus, which had a significantly higher commission ratio than the Group overall, as well as increased payments to certain distribution channels by the OHRA brand general insurance business due to the start of Virtes.

Other factors influencing the combined ratio

The combined ratio increase for the year ended 31 December 2008 was also negatively influenced by lower premiums charged for general insurance products, which was a competitive pricing strategy.

Results of Operations for the Fund Management Business Line

The table below shows the results of operations for the Group's fund management business line for the years ended 31 December 2008, 2007 and 2006:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>Income:</i>			
Investment income	-2.5	2.0	1.5
Share of profit or loss after tax of associates	0.0	0.0	0.0
Total investment income	-2.5	2.0	1.5
Fee and commission income	107.8	123.8	143.1
Result on disposal of subsidiaries	0.0	0.0	0.0
Fund management operating income	0.2	0.9	9.4
Total investment and fund management income	105.5	126.7	153.9
Total income	105.5	126.7	153.9
<i>Expenses:</i>			
Expenses relating to the acquisition of fund management contracts	-51.7	-69.2	-72.8
Finance costs	0.0	-0.2	0.0
Fund management operating expenses	-41.2	-23.1	-26.6
Total expenses	-92.9	-92.5	-99.4
Result before tax from continuing operations	12.6	34.2	54.5
Current tax	-2.9	-8.3	-12.8
Result after tax from discontinued operations	0.0	0.0	0.0
Net result	9.7	25.9	41.7
Attributable to:			
Majority interests	9.7	25.9	41.7
Minority interests	0.0	0.0	0.0
Net result	9.7	25.9	41.7

Income

Fee and commission income

Fee and commission income for the Group's fund management business line for the year ended 31 December 2008 was EUR 107.8 million, a decrease of EUR 16.0 million or 12.9% compared with EUR 123.8 million for the year ended 31 December 2007. The decrease was primarily due to a significant reduction in third-party assets under management due to lower valuations in financial markets and retail net fund outflows.

Fee and commission income for the Group's fund management business line for the year ended 31 December 2007 was EUR 123.8 million, a decrease of EUR 19.3 million or 13.5% compared with EUR 143.1 million for the year ended 31 December 2006. The decrease was primarily due to a drop in received performance fees as a result of negative developments in the financial markets. In addition, the outflow of third-party retail investors in 2007 resulted in a further decrease in management fees.

Expenses

Expenses relating to the acquisition of fund management contracts

Expenses relating to the acquisition of fund management contracts for the year ended 31 December 2008 were EUR 51.7 million, a decrease of EUR 17.6 million or 25.4% compared with EUR 69.2 million for the year ended 31 December 2007, which itself reflected a decrease of EUR 3.6 million or 4.9% compared with the year ended 31 December 2006. During both periods the decrease represented a decline in fees and commissions paid as a result of lower fee and commission income received from lower investment fund inflow.

Fund management operating expenses

Fund management operating expenses for the year ended 31 December 2008 were EUR 41.2 million, an increase of EUR 18.1 million or 78.4% compared with EUR 23.1 million for the year ended 31 December 2007. The increase was primarily due to the acquisition of Cyrte, which accounted for an increase in expenses of EUR 8.3 million as well as the inclusion of the Erasmus portfolio and higher project expenses as a result of transferring to a new IT system.

Fund management operating expenses for the year ended 31 December 2007 were EUR 23.1 million, a decrease of EUR 3.5 million or 13.1% compared with EUR 26.6 million for the year ended 31 December 2006. The decrease was due to reductions in marketing expenses and a reduction in the number of temporary personnel.

Net result

Net result for the Group's fund management business line for the year ended 31 December 2008 was EUR 9.7 million, a decrease of EUR 16.2 million compared with a net result of EUR 25.9 million for the year ended 31 December 2007, which was itself a decrease of EUR 15.8 million compared with a net result of EUR 41.7 million for the year ended 31 December 2006.

Operating margin

The table below shows the calculation of operating margin (net fee income as a percentage of the relevant fee base) for the fund management business line for the years ended 31 December 2008, 2007 and 2006:

Year ended 31 December									
2008				2007			2006		
(EUR million, operating margin in %)									
	Fee base	Net fee income ⁽¹⁾	Operating margin	Fee base	Net fee income	Operating margin	Fee base	Net fee income	Operating margin
Third parties	14,817.1 ⁽²⁾	53.1	0.36	20,125.2 ⁽³⁾	56.3	0.28	17,799.8 ⁽⁴⁾	71.5	0.40
Own risk and other assets ⁽⁵⁾	24,694.5	16.4	0.07	21,787.1	13.5	0.06	22,508.2	12.6	0.06
Total	39,511.7	69.5	0.18	41,912.3	69.8	0.17	40,308.0	84.1	0.21

(1) Net fee income is defined as the difference between total income, including intercompany fee income, and expenses relating to the acquisition of fund management contracts. Net fee income for own risk and other assets is reported as a deduction from expenses and is therefore not included in fee and commission income in the fund management business line profit and loss account.

(2) Comprises EUR 11.1 billion in investment funds, EUR 2.3 billion in fund of funds and EUR 1.5 billion in institutional mandates.

(3) Comprises EUR 14.0 billion in investment funds, EUR 2.2 billion in fund of funds and EUR 3.8 billion in institutional mandates.

(4) Comprises EUR 12.2 billion in investment funds, EUR 2.3 billion in fund of funds and EUR 3.4 billion in institutional mandates.

(5) See "Business – Fund Management – Assets Under Management".

The lower operating margin on own risk assets reflects the fact that such funds are managed by the fund management business line at cost. Changes in operating margin on third party assets in these periods generally reflected changes in the fee base. The lower operating margin on third party assets for 2007 in part reflected the Group's acquisition of Cyrte in the last quarter of 2007. Although all of Cyrte's assets under management were included in the fee base at year end, fee income in respect of such assets were received for only one quarter following acquisition.

Results of Operations for the Banking Business Line

The table below shows the results of operations for the Group's banking business line for the years ended 31 December 2008, 2007 and 2006. The presentation differs from the presentation in Group accounts, but has been prepared to provide meaningful information with respect to the banking business line:

	Year ended 31 December		
	2008	2007	2006
	(EUR million)		
<i>Income:</i>			
Interest income	352.7	295.5	217.9
Interest expense	-261.8	-207.9	-123.8
Net interest income	90.9	87.7	94.2
Fee and commission income	60.1	76.0	79.5
Fee and commission expense	-17.4	-18.2	-18.0
Net fee and commission income	42.7	57.8	61.5
Dividend income	0.1	0.1	0.1
Net trading income	-105.0	19.5	10.6
Net income from assets classified as other than trading	2.8	-4.5	2.5
Net income from assets classified as available-for-sale	1.3	2.8	5.9
Total investment income	-100.9	17.9	19.1
Result participations	0.7	-1.0	0.0
Other income	33.3	46.5	55.2
Total investment and other income	-66.9	63.3	74.3
Total income	66.7	208.8	230.0
<i>Expenses:</i>			
Staff costs and other administrative expenses	-200.2	-190.0	-193.2
Amortisation and depreciation	-9.5	-10.6	-9.7
Value adjustments other assets	-12.6	0.1	-0.1
Realised gains/losses	-7.1	-1.2	0.1
Other expenses	0.0	0.0	-0.7
Total expenses	-229.5	-201.6	-203.6
Result before tax from continuing operations	-162.8	7.2	26.4
Current tax	48.3	1.3	-6.6
Result after tax from discontinued operations	0.0	0.0	0.0
Net result	-114.4	8.5	19.8
<i>Attributable to:</i>			
Majority interests	-114.4	8.5	19.8
Minority interests	0.0	0.0	0.0
Net result	-114.4	8.5	19.8
Operating efficiency ratio	343.9%	96.5%	88.5%

Income

Net interest income

Net interest income for the Group's banking business line for the year ended 31 December 2008 was EUR 90.9 million, an increase of EUR 3.2 million or 3.6% compared with EUR 87.7 million for the year ended 31 December 2007, which itself represented a decrease of EUR 6.5 million or 6.9% compared with the year ended 31 December 2006. The results in both periods were due to increases in income from growth in mortgage lending, particularly in Belgium, offset by increases in funding costs.

Net fee and commission income

Net fee and commission income for the Group's banking business line for the year ended 31 December 2008 was EUR 42.7 million, a decrease of EUR 15.1 million or 26.2% compared with EUR 57.8 million for the year ended 31 December 2007, which itself represented a decrease of EUR 3.7 million or 6.0% compared with the year ended 31 December 2006. The results from both periods were due to reductions in volume due to decreased demand for banking products during the recent economic downturn and reduced fee rates on the sale of third party funds.

Total investment income

All investment income is classified as income from trading at the Group's banking business line. Total investment income for the Group's banking business line for the year ended 31 December 2008 was a loss of EUR 100.9 million, a decrease of EUR 118.8 million compared with a profit of EUR 17.9 million for the year ended 31 December 2007. The decrease was due to unrealised losses on interest rate swaps mainly in Belgium and a significant revaluation of investments and impairments on investments as a result of declines in the financial markets.

Total investment income for the Group's banking business line for the year ended 31 December 2007 was EUR 17.9 million, a decrease of EUR 1.2 million or 6.4% compared with EUR 19.1 million for the year ended 31 December 2006. The decrease reflected decreases in trading debt and equity securities and decreases in activities other than trading relating to derivatives. These decreases were largely offset by income from trading of derivatives.

Other income

Other income from the Group's banking business line for the year ended 31 December 2008 was EUR 33.3 million, a decrease of EUR 13.1 million or 28.3% compared with EUR 46.5 million for the year ended 31 December 2007. The decrease in 2008 was due, as in 2007, to a decrease in intercompany servicing fees from Amstelhuys and the Group's Delta Lloyd brand life insurance business.

Other income from the Group's banking business line for the year ended 31 December 2007 was EUR 46.5 million, a decrease of EUR 8.8 million or 15.9% compared with EUR 55.2 million for the year ended 31 December 2006. The decrease in 2007 was due to a decrease in intercompany servicing fees from Amstelhuys and the Delta Lloyd brand life insurance business.

Expenses

Staff costs and other administrative expenses for the Group's banking business line for the year ended 31 December 2008 were EUR 200.2 million, an increase of EUR 10.2 million or 5.4% compared with EUR 190.0 million for the year ended 31 December 2007. The increase in costs was primarily due to higher pension premiums paid for bank staff and expenses incurred relating to third party mortgage service providers.

Staff costs and other administrative expenses for the Group's business line for the year ended 31 December 2007 were EUR 190.0 million, a slight decrease of EUR 3.2 million or 1.7% compared with EUR 193.2 million for the year ended 31 December 2006. The decrease was due to reductions in full time staff.

Net result

Net result for the Group's fund management business line for the year ended 31 December 2008 was EUR -114.4 million, a decrease of EUR 122.9 million compared with a net result of EUR 8.5 million for the year ended 31 December 2007, which was itself a decrease of EUR 11.3 million compared with a net result of EUR 19.8 million for the year ended 31 December 2006.

OPERATIONAL RESULT

Operational result as presented by the Group is a non-GAAP financial measure and is not a measure of financial performance under IFRS. The Group presents operational result because it is less affected than IFRS measures of performance by short-term external market impacts, and thus in the Group's view provides a better basis for

assessing trends in the operational performance of the Group over time. A key aspect of the calculation of operational result is that it represents the normalised long-term performance of the Group's investment portfolio by substituting long-term investment return for the actual IFRS investment result which is subject to short term volatility. Operational result should not be considered in isolation as an alternative to result before tax or other data presented in the Group's financial statements as indicators of financial performance. Because it is not determined in accordance with IFRS, operational result as presented by the Group may not be comparable to other similarly titled measures of performance of other companies.

Calculation of Operational Result

The Group's operational result comprises the following elements:

- the *actual technical result of the life insurance business line*, which consists of the margins earned on mortality, disability, lapses and expenses;
- the *actual technical result of the general insurance business line*, which is the summation of all the line items represented in the combined ratio;
- the *results from the fund management, banking and other business lines*, adjusted for economic variances (that is, mark-to-market and the impacts of impairments) on the value of invested assets;
- the *long-term investment return on shareholder assets*, which is given by the reference rate (10-year collateralised AAA bond curve) on average shareholders' equity plus the risk margins earned on equities and real estate at own risk (3.5% for equity, 2.0% for property);
- the *long-term excess investment return on life policyholder assets*, which consists of a 20-basis point margin on average assets backing non-linked life insurance liabilities;
- the *long-term investment return on general insurance policyholder assets*, which is given by the reference rate (10-year collateralised AAA bond curve) on average assets backing technical liabilities; and
- *adjustments to exclude non-operational items* which reflect one-off circumstances or are otherwise, in the judgment of management, not attributable to the ongoing business operations of the Group.

The Group believes that the operational result is a key metric for evaluating overall Group financial performance because it is less affected than IFRS measures of performance by short-term external market impacts, and thus in the Group's view provides a better basis for assessing trends in the operational performance of the Group over time.

A key aspect of the calculation of operational result is that it represents the normalised long-term performance of the Group's investment portfolio by substituting long-term investment return for the actual IFRS investment result which is subject to short term volatility. As indicated above, two important elements used in calculating long term investment returns are the average level of shareholders' equity and the reference rate (10-year collateralised AAA bond curve) for the relevant period. The table below shows these two items for the six months ended 30 June 2009 and 2008, and for the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
Shareholders' equity (EUR million) ⁽¹⁾	3,656	3,851	3,018	4,836	4,523
Reference rate (%) ⁽²⁾	5.1%	3.8%	4.8%	4.7%	4.2%

(1) Net of minority interest.

(2) 10-year collateralised AAA bond curve. See "– Market-Consistent Embedded Value – Additional Matters Relating to the MCEV Methodology".

Calculation of Net Operational Result

Net operational result represents the Group's operational result after tax and minority interest. Net operational result plays an important role in determining the level of the Group's dividend pay-out: the Group's dividend policy states that the Executive Board will target a dividend pay-

out ratio of around 40–45% of net operational result, subject to the additional considerations discussed under “Dividends and Dividend Policy – Dividend Policy”.

The figures for net operational result presented in this Prospectus have been calculated by deducting from operational result (i) the actual amount of minority interests for the relevant period and (ii) illustrative tax at a rate of 25.5%. The tax rate employed for this purpose is the statutory corporate tax rate in the Netherlands. In practice, the actual tax rate applied by the Group in determining the level of its net operational result will depend on a number of factors.

Analysis of Operational Result

The table below shows total operational result before tax and minority interest for the Group and for each business line for the six months ended 30 June 2009 and 2008, and for the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(EUR million)				
Life insurance	187	155	357	401	366
General insurance	65	63	159	280	232
Fund management	8	11	13	34	54
Banking	6	-7	-18	1	19
Other ⁽¹⁾	-27	-70	-62	-55	-152
Total	239	153	448	662	519

(1) Other includes Group central costs and support services, as well as Amstelhuys (which is not consolidated with the Group's banking business line), together with any consolidation and elimination items.

Life Insurance

The table below shows operational result before tax and minority interest for the life insurance business line for the six months ended 30 June 2009 and 2008, and for the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(EUR million)				
Technical result (margins)⁽¹⁾					
Technical margins (mortality, disability, lapses)	68	61	-4	83	90
Normalised expense margins	-83	-105	-65	-152	-107
Technical result	-15	-44	-70	-70	-17
LTIR ⁽²⁾	202	199	426	471	383
Operational result	187	155	357	401	366

(1) Technical and expense margins reflect the difference between: (i) the sum of charges as included in the premiums paid by the policyholder and releases out of the technical reserves from claims, policyholder behaviour and anticipated expense reserve changes and (ii) actual claims paid to policyholders plus reported expense and commission levels, excluding any extraordinary expenses.

(2) Long-term investment return for the general insurance business line represents the sum of (a) the reference rate on average shareholders' equity, (b) the risk margin (3.5%) on average own risk equity assets and (c) the risk margin (2.0%) on average own risk property assets.

Operational result was EUR 187 million for the six months ended 30 June 2009, an increase of EUR 32 million or 21% compared with EUR 155 million for the six months ended 30 June 2008. The improvement in 2009 reflected the absence of the impact of large group pension contracts in 2009 within the technical and expense margins, while 2008 included the impact of the new business strain on such contracts. See “– General Factors Affecting Results – Drivers of Profitability in the Group's Life Insurance Business”. The expense margin further benefitted from the cost reduction programme implemented in 2009. Long term investment return increased by EUR 4 million between the two periods, with the impact of lower shareholders' equity offset by a higher reference rate.

Life insurance operational result was EUR 357 million for the year ended 31 December 2008, a decrease of EUR 44 million or 11% compared with EUR 401 million for the year ended 31 December 2007. The decrease was driven by a drop in long term investment return, reflecting the impact of the economic downturn on shareholders' equity, which declined as a result of falling revaluation reserves and the negative movements in retained earnings, and on the size of the own risk equity portfolio. The operational technical result was unchanged at a loss of EUR 70 million reflecting the positive benefit of a release of Belgian pension provisions offset by higher new business strain related to the significant number of large single premium group pension contracts acquired in 2008. The technical result shown has been normalized for one-off items, notably the impact of the unit-linked transparency settlement.

Operational result for life insurance for the year ended 31 December 2007 was EUR 401 million, an increase of EUR 35 million or 10% compared with EUR 366 million for the year ended 31 December 2006. This increase was mainly driven by a significant increase in long term investment return, which reflected an improvement in the reference rate as well as higher average shareholders' equity and own risk equity holdings. This was partially offset by a decline in the technical result attributable to new business strain on a large single premium pension contract sold at the end of 2007.

General Insurance

The table below shows operational result before tax and minority interest for the general insurance business line for the six months ended 30 June 2009 and 2008, and for the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(EUR million)				
Net earned premiums	651	616	1,260	1,156	1,077
Benefits and claims	-432	-371	-722	-522	-555
Expenses/commissions	-213	-226	-493	-472	-406
Technical result	6	18	45	163	116
Combined Ratio	99.1%	97.1%	96.4%	85.9%	89.2%
LTIR ⁽¹⁾	58	45	111	114	103
Non-operational items	—	—	3	3	14
Operational result	65	63	159	280	232

(1) Long-term investment return for the general insurance business line represents the sum of (a) the reference rate on average shareholders' equity, (b) the risk margin (3.5%) on average own risk equity assets, (c) the risk margin (2.0%) on average own risk property assets and (d) the reference rate on assets backing technical general insurance liabilities

Operational result for the Group's general insurance business line was EUR 65 million for the six months ended 30 June 2009, a slight increase of EUR 2 million or 3% compared with EUR 63 million for the six months ended 30 June 2008. Long term investment return rose as a result of an increase in the reference rate as well as higher shareholders' equity due to the inclusion of investments related to the general insurance business of Swiss Life Belgium. This offset a lower technical result partly as a result of the acquisition of Swiss Life Belgium, as a result of which the Group's operations in Belgium posted a combined ratio of 112.6% in the six months ended 30 June 2009, which caused the Group's combined ratio to be 0.6 percentage points higher in the six months ended 30 June 2009 than it would have been without accounting for Swiss Life Belgium. The combined ratio also reflected an increase in the claims ratio for the Group's general insurance business line, which rose to 66.4% for the six months ended 30 June 2009, an increase of 6.1 percentage points compared with a claims ratio of 60.3% for the six months ended 30 June 2008. The increase primarily reflected higher claims frequency, which is typically experienced during periods of economic decline, especially for commercial fire and income and absenteeism policies.

The general insurance operational result was EUR 159 million for the year ended 31 December 2008, a decrease of EUR 121 million or 43% compared with EUR 280 million for the year

ended 31 December 2007. The decrease primarily reflected that 2007 was impacted by a significant release of provisions taken for claims “incurred but not reported” which reduced the level of benefits and claims in that year. The release followed a reassessment of the product groups on which the Group would focus and changes in the Group’s actuarial and provisioning models. The year ended 31 December 2008 did not benefit from similar provision releases. Furthermore, the result for 2008 was adversely affected by the inclusion of six months of results from Swiss Life Belgium, which had a combined ratio of 127.6% and caused the Group’s combined ratio to be 0.7 percentage points higher in the year ended 31 December 2008, and was also negatively influenced by lower premiums charged for general insurance products, which was a competitive pricing strategy. Long term investment return remained stable due to a small decrease in shareholders’ equity and the asset portfolio which as a result of the economic downturn were offset by a small increase in the reference rate.

The operational result for general insurance was EUR 280 million for the year ended 31 December 2007, an increase of EUR 48 million or 21% compared with EUR 232 million for the year ended 31 December 2006. The increase reflected the release of provisions in 2007 described above. Long-term investment return increased slightly as a result of an increase in the reference rate.

See “– Results of Operations for the Six Months Ended 30 June 2009 and 2008 – Results of Operations for General Insurance” and “– Results of Operations for the Years Ended 31 December 2008, 2007 and 2006 – Results of Operations for the General Insurance Business Line”.

Fund Management

The table below shows operational result before tax and minority interest for the fund management business line for the six months ended 30 June 2009 and 2008, and for the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(EUR million)				
Fee and commission income	50	59	105	123	154
Third-party distribution fees	-21	-28	-52	-69	-73
Operating expenses	-18	-17	-35	-20	-27
Result before tax	11	14	18	34	54
Attributed costs ⁽¹⁾	-3	-3	-6	—	—
Operational result	8	11	13	34	54

(1) Represents attribution of pension expenses for employees of the fund management business line that are booked in the Group holding company.

The Group’s fund management business line posted an operational result of EUR 8 million for the six months ended 30 June 2009, a decrease of EUR 3 million or 27% as compared with EUR 11 million for the six months ended 30 June 2008. The decrease was due to a reduction of fee and commission income as declines in global financial markets led to a significant reduction in assets under management, reflecting both falling asset values and a significant outflow of retail investor funds.

Operational result for the business line was EUR 13 million for the year ended 31 December 2008, a decrease of EUR 21 million or 62% compared with EUR 34 million for the year ended 31 December 2007. This decrease also reflected the impact on fee and commission income of a reduction in assets under management associated with declines in global financial markets. Operating expenses rose sharply due to the integration of Cyrte and Erasmus and project costs relating to improvements in investment administration.

Fund management operational result was EUR 34 million for the year ended 31 December 2007, a decrease of EUR 20 million or 37% compared with EUR 54 million for the year ended 31 December 2006. The decrease reflected a reduction of fee and commission income as a

result of lower performance fees and outflows of third-party investor assets. This was partially offset by lower expenses on marketing and external (temporary) staff.

See “– Results of Operations for the Six Months Ended 30 June 2009 and 2008 – Results of Operations for the Fund Management Business Line” and “– Results of Operations for the Years Ended 31 December 2008, 2007 and 2006 – Results of Operations for the Fund Management Business Line”.

Banking

The table below shows operational result before tax and minority interest for the banking business line for the six months ended 30 June 2009 and 2008, and for the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(EUR million)				
Result before tax	-5	4	-163	7	26
Adjustment for economic variances ⁽¹⁾	7	-14	131	-16	-18
LTIR ⁽²⁾	5	3	8	9	10
Non-operational items	—	—	6	—	—
Operational result	6	-7	-18	1	19

(1) Adjustment for economic variances represents realised and unrealised market value changes on investments, including impairments.

(2) Long-term investment return for the banking business line represents the sum of (a) the reference rate on average shareholders' equity, (b) the risk margin (3.5%) on average own risk equity assets and (c) the risk margin (2.0%) on average own risk property assets.

Operational result for the Group's banking business was EUR 6 million for the six months ended 30 June 2009, an increase of EUR 13 million compared with a negative operational result of EUR 7 million for the six months ended 30 June 2008. This improvement was primarily a result of a significant increase in net interest income due to lower funding costs and higher lending volumes. The result before tax was adversely impacted by losses in net trading income due to the deterioration of the financial markets. Long term investment return increased slightly as result of an increase in the reference rate.

The banking business line had a negative operational result of EUR 18 million for the year ended 31 December 2008, a decrease of EUR 19 million compared with the positive EUR 1 million achieved for the year ended 31 December 2007. The loss reflected lower fee and commission income as both volume and fee rates decreased as a result of the economic downturn, and increasing expenses. The result before tax was significantly impacted by impairments, losses on interest rate swaps and revaluation of investments. Long term investment return decreased slightly as a result of lower shareholders' equity.

See “– Results of Operations for the Six Months Ended 30 June 2009 and 2008 – Results of Operations for the Banking Business Line” and “– Results of Operations for the Years Ended 31 December 2008, 2007 and 2006 – Results of Operations for the Banking Business Line”.

Banking operational result of EUR 1 million for the year ended 31 December 2007 represented a decrease of EUR 18 million compared to the result of EUR 19 million for the year ended 31 December 2006. This decrease reflected lower fee and commission income as both volumes and fee rates fell.

Other

The Group's "other" segment comprises the results of Group-level and divisional holding companies and results attributable to Amstelhuys. The table below shows "other" operational result for the six months ended 30 June 2009 and 2008, and for the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(EUR million)				
Operational result – Amstelhuys	-17	-32	34	-9	33
Operational result – holding companies ⁽¹⁾	-10	-38	-96	-46	-195
Operational result – other	-27	-70	-62	-55	-152
Adjustment for economic variances ⁽²⁾	12	9	-127	11	46
Non-operational items	-18	-2	-1	-36	-45
Result before tax	-33	-63	-190	-80	-151

(1) Operational result – holding companies includes the results of Group-level and divisional holding companies.

(2) Adjustment for economic variances represents realised and unrealised market value changes on investments, including impairments.

Other operational result was a loss of EUR 27 million for the six months ended 30 June 2009, an improvement of EUR 43 million compared to a loss of EUR 70 million for the six months ended 30 June 2008 due to increasing funding spread at Amstelhuys and decreasing finance costs at the holding company as a result of decreasing interest rates and repayment of certain loans. Adjustment for economic variances reflect the fair value adjustments on mortgages and notes issued by Amstelhuys. Non-operational items included contract termination fees in connection with the reorganisation of the Group's IT function, run-off expenses relating to the health business and project expenses for the sharing programme and other matters.

Other operational result for the year ended 31 December 2008 was a loss of EUR 62 million, a decrease of EUR 7 million or 13% compared with a loss of EUR 55 million for the year ended 31 December 2007. The decrease was due to higher holding company expenses mainly relating to the employee pension scheme offset by increasing funding spread at Amstelhuys. Adjustment for economic variances reflected positive value adjustments at Amstelhuys and a significant impairment on investments for own risk at the holding company level.

Other operational result for the year ended 31 December 2007 was a loss of EUR 55 million, an increase of EUR 97 million compared with a loss of EUR 152 million for the year ended 31 December 2006 due to lower expenses at the holding company relating to the employee pension scheme and higher personal expenses, offset by lower funding spread at Amstelhuys. Adjustment for economic variances represent a realised gain on the Group holdings investment portfolio and a loss on the revaluation of Amstelhuys equity. Non-operational items in 2007 primarily reflected project expenses for the sharing programme. Non-operational items in 2006 reflected costs associated with the ABN AMRO joint venture.

Reconciliation of Operational Result to IFRS Result Before Tax

Operational result is not an IFRS accounting measure. The table below shows a reconciliation from the Group's total operational result before tax and minority interest to the IFRS result before tax for the six months ended 30 June 2009 and 2008, and for the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	(EUR million)				
Operational result before tax and minority interest	239	153	448	662	519
- Long-term investment return ⁽¹⁾	-265	-248	-545	-594	-496
+ Actual return after profit sharing/ interest accrual ⁽²⁾	-893	-153	476	447	720
+/- Fair value adjustments liabilities ⁽³⁾	1,316	205	-368	353	229
+/- Non-operational items	-17	-7	-215	-47	-58
Result before tax from continuing operations	379	-50	-204	821	914

(1) Represents total long-term investment return for the Group in the period calculated as described above.

(2) Represents actual results of the Group's investment portfolio in the period, that is, the sum of (a) the Group's actual investment income, (b) share of profit or loss after tax of associates and (c) Other Income less the sum of (x) Finance Expenses and (y) change in insurance liabilities attributable to interest accrual and profit sharing.

(3) Represents movement of the liabilities as a result of changes in the collateralised AAA bond curve for the six months ended 30 June 2009 and 2008 and the year ended 31 December 2008.

Analysis of Reconciliation for Six Months Ended 30 June 2008 and 2009

The LTIR movement is discussed in the above sections. As the LTIR does not form part of the IFRS result before tax it is deducted from the operational result and replaced with the actual investment return.

The Group's actual return after profit sharing and interest accrual was a loss of EUR 893 million for the six months ended 30 June 2009, a decrease of EUR 740 million compared to a loss of EUR 153 million for the six months ended 30 June 2008. This decrease can be attributed to a lower investment result on the own risk portfolio as a result of a decline in the valuation of hedging instruments and impairments on available-for-sale securities.

The Group's fair value adjustments of liabilities was EUR 1,316 million for the six months ended 30 June 2009, an increase of EUR 1,111 million compared to an increase of EUR 205 million for the six months ended 30 June 2008. The significant increase for the period can be attributed to the increase of the AAA collateralised bond curve over the six months ended 30 June 2009 which resulted in a large release of surplus insurance liabilities.

The Group's one-offs / other was EUR -17 million for the six months ended 30 June 2009, a decrease of EUR 10 million compared to EUR -7 million for the six months ended 30 June 2008. See explanation of non-operational items in the segment description on operating result above.

Analysis of Reconciliation for Years Ended 31 December 2008, 2007 and 2006

The Group's actual return after profit sharing and interest accrual was EUR 476 million for the year ended 31 December 2008, a decrease of EUR 29 million compared to EUR 447 million for the year ended 31 December 2007. There was no significant change year on year, although the result in 2008 was impacted by impairments offset in part by increases in the valuation of hedging instruments. The 2007 result was mainly affected by positive realised capital gains on available-for-sale equities and large unrealised losses on the other than trading fixed income portfolio.

The Group's fair value adjustments of liabilities was a decrease of EUR 368 million for the year ended 31 December 2008 compared to an increase of EUR 353 million for the year ended 31 December 2007. The decrease in the 2008 period can predominantly be attributed to the necessary addition to the unit-linked guarantee provision as a result of declining asset values

and addition to the liability adequacy margin reserve at the Group's life insurance business in Belgium.

The Group's one-offs / other was EUR -215 million for the year ended 31 December 2008 compared to EUR -47 million for the year ended 31 December 2007. The size of the one-offs in 2008 is mainly attributable to the impact on the Group's results from the unit-linked transparency settlement (EUR 158 million).

The Group's actual return after profit sharing and interest accrual was EUR 447 million for the year ended 31 December 2007, a decrease of EUR 273 million compared to EUR 720 million for the year ended 31 December 2006. The 2006 result was higher as a result of realised capital gains and higher interest income. This was partly offset by higher profit sharing allocations to policyholders.

The Group's fair value adjustments of liabilities was an increase of EUR 353 million for the year ended 31 December 2007, an increase of EUR 124 million compared to an increase of EUR 229 million for the year ended 31 December 2006. The change in 2007 was due to an increase in the discount rate for insurance liabilities.

The Group's one-offs / other was EUR -47 million for the year ended 31 December 2007 compared to EUR -58 million for the year ended 31 December 2006. See explanation of non-operational items in the description above.

NEW BUSINESS

The Group defines new business for its life insurance business line as the sum of new written policies and the portion of annual renewals that represents an increase in premium over the previous year's premium payments (known as "indexation"). Annual premium equivalent (**APE**) consists of new annual premiums and 10% of the new single premiums received during the period.

The table below shows annual and single premiums and APE for the Group's life insurance business line within each of the Group's major brands for life insurance for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December		
	2009	2008	2008	2007	2006
<i>(unaudited)</i>					
<i>(EUR million)</i>					
<i>Delta Lloyd</i>					
Annual premiums	66.5	50.5	124.7	118.9	109.5
Single premiums	323.3	1,265.0	1,956.2	1,446.4	778.9
APE	98.8	177.0	320.3	263.5	187.4
<i>ABN AMRO Insurance</i>					
Annual premiums	24.4	24.4	50.2	44.2	47.6
Single premiums	89.9	138.2	201.2	243.2	313.4
APE	33.3	38.2	70.3	68.6	79.0
<i>OHRA</i>					
Annual premiums	3.5	8.3	11.2	19.3	21.8
Single premiums	189.1	151.6	241.0	290.9	218.9
APE	22.4	23.4	35.3	48.4	43.7
<i>Belgium</i>					
Annual premiums	24.0	16.6	45.7	34.6	29.8
Single premiums	219.4	244.1	377.4	476.3	345.5
APE	46.0	41.0	83.4	82.2	64.3
<i>Germany</i>					
Annual premiums	8.9	8.8	19.9	20.6	26.1
Single premiums	130.3	41.2	91.4	77.5	142.6
APE	21.9	12.9	29.1	28.4	40.4
<i>Total</i>					
Annual premiums	127.3	108.6	251.7	237.6	234.9
Single premiums	952.2	1,840.1	2,867.2	2,534.3	1,799.3
Total life insurance	222.5	292.6	538.5	491.0	414.9

Delta Lloyd

New business for the Delta Lloyd brand life insurance business was EUR 98.8 million for the six months ended 30 June 2009, a decrease of EUR 78.2 million or 44.2% compared with EUR 177.0 million for the six months ended 30 June 2008. The decrease in the 2009 period was due to a significant reduction in single premium contracts as a result of a decrease in acquisitions of new group pension contracts.

New business was EUR 320.3 million for the year ended 31 December 2008, an increase of EUR 56.8 million or 21.6% compared with EUR 263.5 million for the year ended 31 December 2007. The increase was principally due to the increase in group single premium contracts as a result of the acquisition of several new large pension contracts.

New business was EUR 263.5 million for the year ended 31 December 2007, an increase of EUR 76.1 million or 40.6% compared with EUR 187.4 million for the year ended 31 December

2006. The increase was due to higher single premium products as a result of two significant new group contracts awarded toward the end of 2007.

ABN AMRO Insurance

New business for the ABN AMRO Insurance brand life insurance business was EUR 33.3 million for the six months ended 30 June 2009, a decrease of EUR 4.9 million or 12.8% compared with new business for the six months ended 30 June 2008. The decrease was principally due to a decline in single premium individual policies as a result of decreases in the writing of mortgages with which individual policies are often sold and increased competition with *bancaire lijfrente* impacting the immediate and deferred annuities business.

New business was EUR 70.3 million for the year ended 31 December 2008, an increase of EUR 1.8 million or 2.6% compared with EUR 68.6 million for the year ended 31 December 2007. The increase was due to sales of term life insurance, an annual premium product, and despite a decline in single premiums.

New business was EUR 68.6 million for the year ended 31 December 2007, a decrease of EUR 10.4 million or 13.2% compared with EUR 79.0 million for the year ended 31 December 2006. The decrease was mainly due to lower sales from single premium life insurance products due to negative publicity regarding poor returns for unit-linked policies.

OHRA

New business for the OHRA brand life insurance business was EUR 22.4 million for the six months ended 30 June 2009, a modest decrease of EUR 1.0 million or 4.3% compared with EUR 23.4 million for the six months ended 30 June 2008.

New business was EUR 35.3 million for the year ended 31 December 2008, a decrease of EUR 13.1 million or 27.1% compared with EUR 48.4 million for the year ended 31 December 2007. The decrease was due to lower sales of single premium insurance products and unit-linked annual premium products, a decrease in mortgage-related life insurance products and increasing competition.

New business was EUR 48.4 million for the year ended 31 December 2007, an increase of EUR 4.6 million or 10.6% compared with EUR 43.7 million for the year ended 31 December 2006. The increase was primarily as a result of increased sales of new immediate annuity single premium products.

Belgium

New business for the Group's life insurance business in Belgium was EUR 46.0 million for the six months ended 30 June 2009, an increase of EUR 5.0 million or 12.2% compared with EUR 41.0 million for the six months ended 30 June 2008. The increase primarily reflects the acquisition of Swiss Life Belgium, which had an increase in the sales of guaranteed return annual premium products. The increase was partially offset by decreases in single premium universal life insurance savings products due to the impact of the recent economic downturn.

New business was EUR 83.4 million for the year ended 31 December 2008, an increase of EUR 1.3 million or 1.5% compared with EUR 82.2 million for the year ended 31 December 2007. This small increase was primarily due to growth in group annual premium products and the acquisition of Swiss Life Belgium, offset by decreases in single premium products as a result of declines in financial markets and competition from deposit yields offered by banks.

New business was EUR 82.2 million for the year ended 31 December 2007, an increase of EUR 17.9 million or 27.8% compared with EUR 64.3 million for the year ended 31 December 2006. The increase was due to higher than expected sales in the individual life insurance business as a result of the launch of single premium savings products offering increased profit sharing as a result of gains in the financial market. In addition, there was a one-time large increase in single premium business at the end of 2007 in anticipation of a 1.1% additional tax rate levied on single premium individual policies that was expected to become effective 1 January 2008.

Germany

New business for the Group's life insurance business in Germany was EUR 21.9 million for the six months ended 30 June 2009, an increase of EUR 9.0 million or 69.8% compared with EUR 12.9 million for the six months ended 30 June 2008, mainly due to strong growth in single premium products and the credit life business.

New business was EUR 29.1 million for the year ended 31 December 2008, an increase of EUR 0.7 million or 2.6% compared with EUR 28.4 million for the year ended 31 December 2007. This small increase was due to increases in single premium products including traditional life insurance and offset by decreases in annual premium products as a result of declines in the financial markets.

New business was EUR 28.4 million for the year ended 31 December 2007, a decrease of EUR 12.0 million or 29.8% compared with EUR 40.4 million for the year ended 31 December 2006. The decrease was primarily due to declines in annual premium products as a result of lower profit sharing declared in advance for the year 2007.

MARKET-CONSISTENT EMBEDDED VALUE

Introduction

This section provides an overview of the MCEV as at 30 June 2008 and 2009 and as at 31 December 2007 and 2008 as well as an analysis of movement for the six months ending 30 June 2008 and 2009 and the years ending 31 December 2007 and 2008.

Definition of Embedded Value

Embedded value is a valuation approach which focuses on the value to shareholders of expected future distributable earnings arising from an insurance company's in-force business, allowing for the risks to shareholders arising from uncertainty in the timing and amount of expected future distributable earnings. Embedded value reporting also focuses on the analysis of movement in shareholder value during a specific reporting period (referred to in this section as "analysis of movement"), including the contribution arising from the sale of new business policies during a given reporting period.

MCEV is a particular approach to embedded value where assets, liabilities and future cash flows are valued in line with market prices and so consistently with each other. This approach seeks to ensure that the riskiness of the projected cash flows is calibrated to the market price for risk where this is reliably observable.

MCEV Principles

The MCEV of the Group has been calculated in accordance with the MCEV Principles, except as set out under "– Market-Consistent Embedded Value – Areas of Non-Compliance with MCEV Principles". Certain aspects of the Group's MCEV calculation have been reviewed by Towers Perrin in its capacity as consulting actuaries to the Group. Towers Perrin's report sets out the scope of the review and the resulting opinion. Towers Perrin's report is included under "Consulting Actuaries' Report".

The MCEV Principles were designed during a period of more stable market conditions than have been observed since September 2008, and prescribe the use of a swap yield curve as a reference rate. The reference rate is effectively the yield curve used to discount cash flows which are not affected by investment market movements. In the second half of 2008, it became apparent to the Group that the choice of the swap rate as a reference rate may not be the most appropriate choice in the volatile markets triggered by the recent economic and credit crisis. On 19 December 2008, the CFO Forum announced that it had agreed to conduct a review of the impact of turbulent market conditions on the MCEV Principles. The result of this review may result in significant amendments to the MCEV Principles. The particular areas under review include the prescribed use of swap rates as a proxy for risk-free rates and the effect of liquidity premiums as well as implied volatilities and the cost of non-hedgeable risks. On 22 May 2009, the CFO Forum published a press release acknowledging that the "current financial crisis has

revealed significant challenges for MCEV which have ultimately harmed comparability” and disclosing “an agreement to do further work to improve the consistency in the adjustments made for liquidity premium and volatilities”.

In the year end 2008 and half year 2009 MCEV reporting, the Group chose to use certain alternative assumptions to those required by the MCEV Principles. The Group is of the opinion that this alternative approach better reflects the fair value of both its assets and liabilities, and therefore better reflects the economic value of the Group.

Until such time as further guidance is provided by the CFO Forum, the most significant areas of non-compliance with the existing MCEV Principles are, firstly, the reference rate used as at 31 December 2008 and 30 June 2009 (where a collateralised AAA bond curve is used for certain lines of business instead of the swap yield curve prescribed by the MCEV Principles) and, secondly, the use of 31 August 2008 market-calibrated implied volatilities for the calculation of the time value of financial options and guarantees component of the embedded value as at 31 December 2008. This also impacts the new business value calculated during the fourth quarter of 2008 and first half of 2009. See “– Market-Consistent Embedded Value – Areas of Non-Compliance with MCEV Principles”.

Covered business

For the purposes of MCEV reporting, a distinction is drawn between “covered business” to which the MCEV methodology is applied, and “non-covered business” which, with the exception of the general insurance businesses and the residual contingent liability relating to the disposal of the health companies to CZ (the **Health Contingent Liability**), has been reported on an unadjusted IFRS net asset value basis. MCEV in respect of the covered business is referred to as **Life MCEV**.

The Group defines its covered business as any contracts that are regarded by local insurance supervisors as life insurance business as well as the current and future profits and losses from the Group arising on its management of funds relating to the life insurance business. The Group’s non-covered business includes general insurance, banking, fund management and other activities not associated with its life insurance business. The net deficit in the Group’s pension plans have been allocated to the non-covered business.

The value of the general insurance businesses and the Health Contingent Liability include an adjustment to the IFRS net asset value to allow for the difference between IFRS reserves and realistic reserves based on best estimate assumptions including a margin for uncertainty. Non-covered business also includes a small amount of non-modelled life business where the value is not material. This life business is valued on an unadjusted IFRS net asset value.

Methodology and Components of Life MCEV

The Life MCEV consists of the aggregate of the shareholders’ net worth and the value of in-force business relating to covered business.

Shareholders’ net worth

The shareholders’ net worth is defined as the market value of assets allocated to the covered business not required to back the in-force regulatory liabilities at the valuation date. The shareholders’ net worth is calculated by the Group on the basis of the local regulatory surplus, with appropriate adjustments applied.

The shareholders’ net worth is comprised of required capital and free surplus. The required capital is the market value of assets attributed to the covered business over and above that required to back liabilities for covered business, whose distribution to shareholders is restricted. The Group defines the required capital as the higher of the Solvency I regulatory required capital and an internal measure of required capital. The internal measure of required capital is calculated using a similar methodology to that required by the UK’s Financial Services Authority in determining the ICA requirement. ICA is an internal economic capital based methodology which uses stress tests to determine available and required economic capital.

The free surplus is the market value of any assets allocated to, but not required to support, the in-force covered business at the valuation date.

A reconciliation of the shareholders' net worth and the IFRS shareholders' equity (referred to as "IFRS net asset value" in the MCEV Principles) is provided under "– Market-Consistent Embedded Value – Life MCEV Results – Reconciliation from IFRS Shareholders' Equity to Life MCEV Shareholders' Net Worth".

An exception to the definition described above is for Belgium, where for reporting periods up to 31 December 2008 the shareholders' net worth was defined as the market value of assets not required to back the IFRS liabilities, as opposed to the regulatory liabilities. This was changed at 30 June 2009. At that date the Belgian shareholders' net worth was calculated on the basis of the market value of assets not required to back the regulatory liabilities. This change impacts the split of the MCEV components of value.

Value of in-force covered business

The in-force portfolio consists of policies underwritten by the Group prior to the valuation date excluding future new business. See "– Market-Consistent Embedded Value – Additional Matters relating to the Life MCEV Methodology – New business".

The value of in-force covered business (**VIF**) is the value arising from the run-off of the existing in-force portfolio, and consists of:

- the present value of future profits (**PVFP**), where profits are post taxation shareholder cash flows from the in-force covered business and the assets backing the associated liabilities;
- the time value of financial options and guarantees (**TVOG**);
- the frictional costs of required capital (**FC**); and
- the costs of residual non-hedgeable risks (**CNHR**).

The methodology used to calculate each of these components is set out below.

Present value of future profits

The PVFP is the present value of the profits distributable to shareholders arising from the in-force covered business projected on a best estimate basis.

Distributable profits generally arise when they are released following actuarial valuations. These valuations are carried out in accordance with local regulatory requirements designed to ensure and demonstrate solvency. Future distributable profits will depend on actual experience in a number of areas such as investment return, lapses, mortality, administration expenses, taxation, as well as management and policyholder actions. Releases to shareholders in future years arising from the in-force covered business and associated required capital can be projected using assumptions of future experience.

Future profits are projected using best estimate non-economic assumptions and market-consistent economic assumptions. The PVFP is calculated using the certainty equivalent approach, under which the same reference rate is used for both the projected investment return and the discount rate. This approach ensures that asset values are consistent with the observed market prices of these assets.

The PVFP includes the capitalised value of profits and losses arising from subsidiary companies providing administration, investment management and other services to the extent that they relate to covered business. This is referred to as the "look through" into service company expenses. In addition, expenses arising in holding companies that relate directly to acquiring or maintaining covered business have been allowed for. Where external companies provide services to the life and related businesses, their charges have been allowed for in the underlying projected cost base.

Time value of financial options and guarantees

The PVFP calculation is based on a single base economic scenario. A single scenario does not necessarily capture the full impact of the presence of financial options and guarantees in insurance contracts, which can give rise to asymmetric shareholder profits, since the negative impact of adverse scenarios can outweigh the positive impact of beneficial scenarios. Although

the intrinsic value of such financial options and guarantees is already allowed for directly in the PVFP via the profits projected in the base case scenario, more sophisticated techniques are required to capture the so-called “time value” arising from the asymmetric impacts of future investment returns on shareholders’ profits.

Stochastic modelling techniques are used to assess the impact of many alternative future outcomes. The difference between the intrinsic value and the total stochastic value is referred to as the TVOG.

Stochastic modelling of financial options and guarantees typically involves projecting the future cash flows of the business under numerous market-consistent economic scenarios. For the half year ended 30 June 2009, the Group predominantly used five thousand market-consistent economic scenarios, whereas in prior years the Group predominantly used one thousand market-consistent economic scenarios. Under a market-consistent approach, the economic scenarios generated are based on market prices of observable financial instruments such as equity options and swaptions. Allowance is made, where appropriate, for the effect of management and/or policyholder actions in different economic conditions on future assumptions such as changes in asset mix and bonus rates (management actions) and surrender rates (policyholder actions). The management actions that have been taken into account have passed through an internal approval process.

Frictional costs of required capital

The FC are the additional costs to the Group of holding the assets backing required capital within an insurance company. The additional costs allowed for as FC are the taxation costs and any additional investment expenses on the assets backing the required capital. FC are payable on the assets backing required capital up until the point that they are released to shareholders. These cash flows are then discounted at the reference rate.

Cost of residual non-hedgeable risks

The MCEV Principles require an allowance to be made in the CNHR component of value for non-hedgeable risks which have not been allowed for sufficiently elsewhere in the components of value. The Group has identified the following elements to be allowed for within the CNHR:

- operational risk, as this has generally not been allowed for elsewhere;
- taxation asymmetries, beyond the allowance made directly in the other components of value, related to the lack of interest earned on, and the remote risk of non-recovery of, any tax losses carried forward in adverse conditions, which generates an asymmetric impact on shareholder value;
- an allowance for uncertainty in the best estimate of the cash flows related to non-hedgeable risks, including mortality, longevity, lapse, expense and operational risk; and
- for the 30 June 2009 Life MCEV, an allowance for the cost of non-hedgeable financial risk which arises from calibrating to the collateralised AAA bond curve, recognising that this market is not deep and liquid at longer durations, and thus there is a residual liquidity premium risk.

The Group has allowed for the CNHR by applying a cost of non-hedgeable risk capital approach to the valuation of the covered business. The cost of non-hedgeable risk capital is defined as a fixed per annum charge that is applied to business unit-level non-hedgeable risk capital (**NHR capital**). The Group has calibrated the cost of NHR capital to reflect the aggregate impact of these items on the Life MCEV. The fixed per annum charge is disclosed under “– Market-Consistent Embedded Value – Assumptions – Economic Assumptions – Cost of capital for CNHR”.

The NHR capital has been calculated using an internal economic capital based methodology consistent with a 99.5% confidence level over a one year time horizon and it is consistent with the economic capital model used for required capital. The non-hedgeable risks that have been considered by the Group for this purpose are: mortality, longevity, lapse, expense, operational risk, and additionally, for the 30 June 2009 Life MCEV only, liquidity premium risk. Had the

liquidity premium risk allowance been applied in relation to 31 December 2008 Life MCEV, the Life MCEV would have decreased by approximately EUR 125 million.

The NHR capital calculation allows for the reduction in NHR capital as a result of diversification between different non-hedgeable risks. No diversification between hedgeable and non-hedgeable risk or between covered and non-covered business has been allowed for, in line with the MCEV Principles. The amount of NHR capital calculated at each valuation date is disclosed under “– Market-Consistent Embedded Value – Assumptions – Economic Assumptions – Capital for CNHR”.

Additional Matters relating to the Life MCEV Methodology

Reference rate

The Group applies a reference rate methodology which seeks to match the characteristics of the insurance liabilities against an asset class that contains suitably low levels of credit risk. The basis for calibrating the reference rate applied by the Group is in line with developments in the IFRS Insurance Contract Project, in respect of which the IASB stated in May 2007: “... *the objective of the discount rate is to adjust estimated future cash flows for the time value of money in a way that captures the characteristics of the liability, not the characteristics of the assets viewed as backing those liabilities. Therefore, the discount rate should be consistent with observable current market prices for cash flows whose characteristics match those of the insurance liability, in terms of, for example, timing, currency and liquidity. It should exclude any factors that influence the observed rate but are not relevant to the liability (for example, risks not present in the liability but present in the instrument for which the market prices are observed).*”

Until the recent economic downturn, there were a number of suitable asset classes which exhibited similar yields. For valuation dates prior to and including 30 June 2008 the Group calibrated the reference rate to the Eurozone swap market for all products. The swap market contains a number of practical advantages over other asset classes, making it the default calibration instrument in a financial environment where alternative suitable asset classes are exhibiting similar yields.

The MCEV Principles were published by the CFO Forum on 4 June 2008. At that time the swap curve was selected by the CFO Forum as the mandatory reference rate in preference to other suitable alternatives.

Following the recent market downturn, a lack of liquidity in the market caused a dislocation in the fixed interest markets (by way of example, ECB AAA government bonds began to exhibit yields in excess of swap yields). The Group believes that as an insurance company, holding insurance liabilities with reasonably predictable cash flows (i.e. illiquid liabilities), it has lower liquidity needs than non-insurance company investors and hence is able to take advantage of this dislocation.

The collateralised AAA bond market is a specific market that exhibited a yield similar to the swap market for recent periods prior to the economic downturn. Thereafter it exhibited a yield significantly in excess of the swap market. The Group believes the collateralised AAA bond market is a suitable calibration instrument for illiquid insurance liabilities due to this market's illiquidity and its low level of credit risk. The investor of a collateralised bond is protected by legislation covering the collateralisation requirements during the duration of the bond. The collateral depends on the issuer and is often mortgage loans or public sector debt.

Where the Group has the ability to hold assets to maturity it is able to take advantage of liquidity risk premiums. As a result the Group has chosen to adopt the collateralised AAA bond curve for the valuation of the majority of its insurance liabilities, as such curve features suitable characteristics given the predictability (i.e. illiquidity) of the Group's insurance liabilities. The reference rate for liquid insurance products is consistently calibrated to a yield curve based on liquid assets.

Following a review of insurance products exhibiting reasonably predictable cash flows, the Group decided to apply the collateralised AAA bond curve as the reference rate for the 31 December 2008 Life MCEV to immediate annuities, traditional group pensions, traditional business without future premium payments and single premium traditional business, except in

respect of Germany. The swap yield curve was applied to all other business at 31 December 2008. Following a subsequent review of insurance products exhibiting reasonably predictable cash flows during the first half of 2009, the Group decided to extend the application of the collateralised AAA bond curve used for the 30 June 2009 Life MCEV to all traditional business, with the exception of Germany. Had this extension been applied in relation to 31 December 2008 Life MCEV, the Life MCEV would have increased by approximately EUR 90 million. The Group believes that this change is appropriate as these traditional products also exhibit reasonably predictable cash flows. The swap yield curve is used for all other business, including all covered business in Germany and all unit-linked business.

See “– Market-Consistent Embedded Value – Additional Matters relating to the Life MCEV Methodology – New business” for a description in respect of the new business value of how, depending on the product, either a start-of-quarter or start-of-month calibration is used for the purposes of determining economic assumptions. In line with this methodology, the swap yield curve was used for the calculation of new business value for all products written up to and including 30 September 2008.

For the new business value as calculated in respect of business sold during the fourth quarter of 2008 and the first quarter of 2009, except in respect of Germany, a collateralised AAA bond curve is used as the reference rate for immediate annuities, traditional group pensions, traditional business without future premium payments and single premium traditional business. A swap yield curve is used as the reference rate for other new business.

For the new business value calculated in respect of business sold during the second quarter of 2009, a collateralised AAA bond curve is used as the reference rate for all traditional business, with the exception of Germany. A swap yield curve is used as the reference rate for other new business.

The Group makes an allowance for non-hedgeable financial risk due to the liquidity premium risk arising from the mismatch between assets and liabilities. An explicit allowance for the cost of non-hedgeable liquidity premium risk was made for the first time in the 30 June 2009 Life MCEV reporting, but was not made for prior periods.

See “– Market-Consistent Embedded Value – Assumptions – Economic Assumptions – Reference rate” as regards the reference rate assumptions used by the Group in the Life MCEV and new business value calculations. It also contains further details about the source, interpolation and extrapolation of market data used for the swap and collateralised AAA bond yields.

Participating business

Participating business provides policyholders with investment based life insurance and pension products with a ‘bonus’ increment to policyholder benefits. This process is also known as profit-sharing.

Future regular bonuses on participating business are projected in a manner consistent with current bonus rates and expected future returns projected in the model on assets deemed to back the policies.

Bonus rates for the Dutch business are usually based upon the so-called u-yield which is a weighted moving average Dutch government bond rate over the preceding 3 months. The relationship between this yield and the bonus is usually described in the specific policy documentation.

In Belgium, the profit-sharing is based on the yields of Belgian government bonds, but is fully at the discretion of the the Group.

In Germany, the profit-sharing is based upon the actual profits of the company for the year and separate regulations exist on minimum participation rates for technical, expense and investment gains. Under certain economic scenarios additional shareholder injections are required to meet policyholder payments. The average additional cost has been included in the TVOG.

Valuation of debt liabilities

Both intra group and third party debt liabilities on the covered business balance sheet are allowed for via a deduction to the free surplus. Debt instruments have been valued on an amortised cost basis, in line with the Group's IFRS approach.

New business

The new business value is the value of the expected future profit arising from the new business written during the period. The results for the first half of 2009 and the first half of 2008 only represent a half year of new business.

For products sold to individuals, premiums are considered to represent new business where a new contract has been signed, or where underwriting has been performed. Renewal premiums include contractual renewals, non-contractual variations that are reasonably predictable and recurrent single premiums that are pre-defined and reasonably predictable.

For group products, new business includes:

- new contracts;
- new members joining pension schemes that were in force at the start of the reporting period;
- increases during the reporting period of pensions that were in force at the start of the reporting period due to salary increases or indexation of pensions; and
- increases to aggregate premiums under existing pensions schemes arising from changes in the scope of benefits or changes in pricing on renewal.

A description of the projected future premium assumptions for group premium paying business can be found in “– Market-Consistent Embedded Value – Additional Matters relating to the Life MCEV Methodology – Treatment of group business”.

New business value is typically calculated based on the economic assumptions at the start of the applicable quarter. Exceptions are immediate annuities that are calculated based on investment returns at the start of the month of sale, and large group single premium contracts that are priced at actual market rates. For further details of the relevant assumptions see “– Market-Consistent Embedded Value – Assumptions – Economic assumptions”. For all lines of business, new business value is calculated based on the non-economic assumptions at the end of the applicable reporting period.

Treatment of group business

In projecting the future cash flows, all group contracts are assumed to renew on their contractual end date based on their current tariff.

For consistency with the definition of new business, projected future premiums on group business do not include new members joining or increases to premiums due to salary increases or indexation of pensions.

Assumptions

This section describes certain key assumptions used by the Group in preparing the embedded value results set out in this section, including a summary of the key assumptions used.

The projection assumptions used to value new business are consistent with those used to value in force business, with one exception. Operating expenses of holding companies related to covered business are allowed for in the Life MCEV maintenance expense assumptions but are not allowed for in the new business value maintenance expense assumptions.

Economic assumptions

Reference rate

The table below sets out the reference rates used in the Life MCEV calculations as at 31 December 2007 and 2008 and as at 30 June 2008 and 2009, at sample durations, expressed in spot yields (%).

	Duration in years								
	1	2	3	4	5	10	15	20	30
30 June 2009									
Collateralised AAA bond	2.01	2.49	3.12	3.54	3.92	5.11	5.73	5.93	5.68
Swap yield	1.37	1.79	2.25	2.61	2.89	3.71	4.14	4.32	4.09
31 December 2008									
Collateralised AAA bond	3.52	3.23	3.65	3.83	4.01	4.76	4.99	4.90	4.42
Swap yield	2.54	2.68	2.95	3.13	3.26	3.80	4.00	3.92	3.44
30 June 2008									
Collateralised AAA bond ⁽¹⁾	5.40	5.36	5.35	5.33	5.30	5.39	5.51	5.49	5.26
Swap yield	5.36	5.36	5.28	5.19	5.11	5.03	5.10	5.07	4.87
31 December 2007									
Collateralised AAA bond ⁽¹⁾	4.70	4.53	4.51	4.53	4.57	4.88	5.09	5.15	5.08
Swap yield	4.70	4.53	4.51	4.53	4.55	4.74	4.90	4.98	4.91

(1) Shown for illustrative comparison purposes only. These values have not been used in the Life MCEV calculations.

The swap yield curve (based on Eurozone EURIBOR swap rates) as published by DNB is available for maturities from 1 to 60 years. DNB sources swap rates from Bloomberg Composite where market data is available for many interim periods.

The collateralised AAA bond curve is sourced from UBS-Delta. UBS-Delta provides a spot yield curve from years 0 to 30 based on its own proprietary model, and information available to UBS-Delta on the prices and yields available on assets within the collateralised AAA bond market. The Group extrapolates the collateralised AAA bond curve provided by UBS-Delta beyond 30 years by assuming that the spread between the 30-year collateralised bond spot yield curve and the 30-year swap spot yield curve remains constant for longer durations.

Calibration of economic scenarios used in TVOG

Stochastic models are in principle calibrated to implied euro swaption and equity option volatility levels at the valuation date.

Due to the financial crisis, the prices of swaptions and equity options were significantly higher at year end 2008 than in previous reporting periods. The Group is of the opinion that the year end 2008 implied volatilities did not provide a reliable source for the valuation of insurance financial options and guarantees, partly because of the potentially misleading extrapolation of the implied volatility of short term equity options for the valuation of long term insurance financial options (which can only be exercised at maturity). As a result, the Group used 31 August 2008 market-calibrated implied volatilities (as a proxy for a relatively stable market) for the calculation of the time value of financial options and guarantees component of the Life MCEV at year end 2008. For the 30 June 2009 Life MCEV calculation, market derived volatility assumptions as at 30 June 2009 were used as the Group believes that derivative market pricing is now more representative of stable market conditions.

In running its stochastic models the Group generates a large number of economic scenarios which capture changes to both the slope and level of the yield curve and cover the prices of bonds, equities and property returns and derivatives thereof. The model simultaneously projects all asset classes.

The Group calibrates the interest rate model to implied swaption volatilities that cover a range of option tenors and maturities. The equity model is calibrated to equity option implied swaption volatilities that cover a range of strikes and maturities up to a maximum duration of

5 years and then extrapolates volatilities. The property model is calibrated to a constant implied volatility assumption of 15% obtained from historical information. The inflation model is calibrated to prices of euro inflation caps and floors and used in the derivation of the TVOG for the German business.

Correlation assumptions implicit within the economic scenario generator model are set with regard to historical experience and do not have a material impact on the TVOG.

Capital for CNHR

NHR capital reflects the amount of capital needed in case an extreme event occurs for a certain risk category. For each individual risk type extreme events are identified, based on historical data, trend analysis and professional judgment, which are expected to occur once in two hundred years. The reported policyholder reserves are established for expected cash flows, whereas the amounts of NHR capital are needed to withstand the extreme events.

In the table below the NHR capital allocated to each of the NHR risk categories is shown, which have been used to derive the CNHR.

	30 June		31 December	
	2009	2008	2008	2007
	(EUR million)			
Longevity	472	245	245	245
Mortality	201	209	209	209
Lapse	247	249	249	249
Liquidity premium	902	0	0	0
Expense	538	340	340	340
Operational	123	47	47	47
Total Undiversified	2,482	1,090	1,090	1,090
Total Diversified	1,295	572	572	572

The NHR capital levels used as at 30 June 2009 are based on the economic capital results as at 31 December 2008 while for the preceding periods these have been based on the economic capital results as at 31 December 2007.

The NHR capital levels used have been allocated proportionally to the new business.

The increase in liquidity premium capital, which is only reflected in half year 2009, is a result of the use of the collateralized AAA bond curve as NHR capital for that period is based on the economic capital at the end of 2008. The increase in longevity capital is a result of the increased longevity charge in the embedded value in 2008, which leads to higher stress testing results. The increase in the NHR capital in the line item “Expense” as at 30 June 2009, was a result of an updating of the assumptions in 2008 to reflect a higher expense base during that period, which assumptions are still utilised for the 30 June 2009 NHR capital calculations. The longevity NHR capital and expense NHR capital do not have a significant impact on the diversified NHR capital.

The NHR capital calculation allows for the reduction in NHR capital as a result of diversification between different non-hedgeable risks. No diversification between hedgeable and non-hedgeable risk or between covered and non-covered business has been allowed for.

Cost of capital for CNHR

The Group’s methodology includes a charge on NHR capital set at 3% per annum and applied to business unit-level non-hedgeable risk capital for insurance risk, operational risk and, at 30 June 2009 only, financial non-hedgeable risk. The calibration of the 3% level has not been updated between 31 December 2008 and 30 June 2009.

The appropriate level of the CNHR capital charge is an area of considerable debate, as there is no deep and liquid market indicating shareholders’ required returns for non-hedgeable risk only. One authoritative party in this area is the CRO Forum (which represents the chief risk officers of certain major insurers). After reviewing various approaches the CRO Forum estimated a

plausible range for shareholders' required return for non-hedgeable risk of 2.5% to 4.5%. The Group's CNHR capital charge of 3% is within this range set by the CRO Forum.

Inflation

The inflation rate is related to current data for consumer price and salary inflation and the Group's assessment of long term rates and is reviewed regularly. The assumed inflation rate has been set at 2.5% per annum for every valuation date and is applied in projecting future expenses. See "– Market-Consistent Embedded Value – Assumptions – Non economic assumptions – Expense assumptions". To align with the treatment of the increases to premiums due to salary increases or indexations of pensions as discussed above (see "– Market-Consistent Embedded Value – Additional Matters relating to the Life MCEV Methodology – New business" and "– Market-Consistent Embedded Value – Additional Matters relating to the Life MCEV Methodology – Treatment of group business") a 1.25% per annum inflation rate is applied for expenses allocated to group traditional business.

Economic assumptions used for operating earnings, implied discount rates and traditional embedded value sensitivity

For the calculation of expected returns (used for operating earnings, implied discount rate (**IDR**) and traditional embedded value) real world investment returns are applied for the projection of investment income.

For the projection of operating earnings for the six month period ending 30 June 2008 and the twelve month periods ending 31 December 2007 and 2008, investment income is based on the one-year reference rate at the start of the reporting period, and equity and property investment risk premiums of respectively 3.5% and 2.0% are applied above the one-year reference rate. No premium over the one-year reference rate is applied for fixed interest investments.

For the projection of operating earnings for the six month period ending 30 June 2009, investment income is based on a longer term reference rate (5 years for fixed income, 10 years for equity and property) at the start of the reporting period and equity and property investment risk premiums of respectively 3.5% and 2.0% above this longer term reference rate. The Group believes that as a consequence of the market dislocation at the end of 2008 the use of longer term rates is more representative of management's expectations of long term investment returns.

IDR is the risk discount rate which, when used within a traditional embedded value approach using investment risk premiums in the projections (net of traditional cost of required capital, with no explicit allowance for the time value of financial options and guarantees or the CNHR) gives the same value as that arising from the Life MCEV approach (net of the time value cost of financial options and guarantees, the frictional costs of required capital and the CNHR).

For the half year 2009 IDR and traditional embedded value sensitivity calculations, level fixed interest assumptions were used that were calibrated to the 30 June 2009 ten year collateralised AAA bond spot yield plus 20 basis points, except for Germany where the ten year swap yield was applied and for unit-linked products where the additional margin of 20 basis points was not applied. Level equity and property assumptions were set equal to the ten year collateralised AAA bond spot yield plus 3.5% and 2.0% respectively.

Non economic assumptions

Expense assumptions

Management expenses attributed to covered businesses have been included in the Life MCEV calculations and split between expenses relating to the acquisition of new business, the maintenance of in-force business and project expenses. Future expense assumptions include an allowance for maintenance expenses and recurring project expenses. Certain expenses of an exceptional nature, are identified separately when they occur and are generally charged as incurred. A small level of future productivity gains is assumed in the 31 December 2008 Life MCEV according to the Group's view of best estimates. No productivity gains were assumed in the Life MCEV at other reporting dates.

Operating expenses of holding companies (including an allocation for overhead expenses) relating to the operation of the covered business have been split between acquisition and

maintenance expense. The maintenance expense assumptions used in the new business value calculation do not allow for the allocation of holding company expenses. All holding companies' maintenance expenses in respect of the covered business are allowed for in Life MCEV at the relevant reporting dates.

Investment management expenses are also allowed for. The assumptions for these reflect the actual investment expenses of the Group in providing investment management services to the covered business rather than the investment fees actually charged.

Demographic assumptions (including lapses and mortality)

Assumptions are made in respect of future levels of mortality, morbidity, lapses, option take up, surrenders and withdrawals. The assumptions reflect the best estimates of the likely future experience, and are based on recent experience and relevant industry data, where available. Assumptions for future mortality rates for the majority of the Dutch business are derived for all types of products using the industry standard CRC model.

Assumptions regarding option take up, surrenders and withdrawals are assumed to vary, where appropriate, according to the investment scenario under consideration when deriving the TVOG, to reflect the best estimate of how policyholder behaviour may vary in such circumstances.

Tax assumptions

The corporate tax rate assumptions used in the projection of the distributable earnings are shown in the table below.

	30 June		31 December	
	2009	2008	2008	2007
The Netherlands	25.5%	25.5%	25.5%	25.5%
Belgium	34.0%	34.0%	34.0%	34.0%
Germany	30.0%	30.0%	30.0%	30.0%

In the Netherlands and Belgium, equity investments have (under certain restrictions) favourable tax treatment, as the corporate tax rate is waived for equity returns. This has been allowed for in the valuation for all reporting periods.

Group MCEV Results

The Group MCEV incorporates the Life MCEV as calculated under the assumptions set out above and the value of the remainder of the Group, being the non-covered business, on the basis described below (the **Group MCEV**). The table below shows the summary statement of the Group MCEV as at 30 June 2009 and 2008 and as at 31 December 2008 and 2007.

	30 June		31 December	
	2009	2008	2008	2007
(EUR million)				
Covered business:				
PVFP (excl TVOG)	2,732	1,894	2,198	2,068
TVOG	-383	-333	-345	-344
FC	-250	-423	-240	-393
CNHR	-469	-204	-258	-192
Required capital	2,235	2,559	2,000	2,435
Free surplus	455	657	90	1,680
Life MCEV	4,321	4,150	3,445	5,253
Non-covered business:				
Life insurance	83	118 ⁽¹⁾	73	45
General insurance	586	1,006	828	1,119
After-tax prudence margin ⁽²⁾	119	171	126	167
Banking	302	299	255	312
Fund management	40	50	50	64
Other ⁽³⁾	-928	-590	-1,090	-666
Total non-covered business	202⁽⁴⁾	1,055	241	1,041
Group MCEV (gross of minorities)	4,522	5,205	3,686	6,294
Minorities	-381	-347	-338	-328
Group MCEV (net of minorities)	4,141	4,857	3,348	5,965

(1) Swiss Life Belgium was acquired on 30 June 2008. In the table above Swiss Life Belgium is included in the "Non covered business – Life insurance" at 30 June 2008 and in Life MCEV for all subsequent periods.

(2) The after-tax prudence margin is in respect of the general insurance technical reserves and the Health Contingent Liability.

(3) "Other" includes group debt, intermediate holding companies, Amstelhuys and intra-group eliminations.

(4) Includes intangibles of EUR 39 million (of which EUR 32 million is in respect of ABN Amro Insurance) or, net of tax, EUR 30 million (of which EUR 24 million is in respect of ABN Amro Insurance).

Covered business

The table below shows the components of the Life MCEV, broken out by geography:

	30 June		31 December	
	2009	2008	2008	2007
(EUR million)				
The Netherlands	3,432	3,753	2,817	4,889
Belgium	816	359	643	354
Germany	73	37	-15	10
Life MCEV (gross of minorities)	4,321	4,150	3,445	5,253
Less Minorities	231	195	201	210
Life MCEV (net of minorities)	4,090	3,954	3,245	5,043

The analysis of Life MCEV is covered under "– Market-Consistent Embedded Value – Life MCEV Results – Life MCEV analysis of movement".

Non-covered business

The non-covered business includes the IFRS segments general insurance, banking and fund management, as well as a small amount of life insurance business and holding company operations.

The non-covered business, with the exception of general insurance businesses, has been reported on an unadjusted IFRS net asset value basis.

The non-covered business basis makes no allowance for holding company expenses expected to be incurred after the valuation date in respect of the operation of the non-covered business.

The non-covered business also includes an existing contingent liability, reported in the line item “Other”, with regard to the Health Contingent Liability. This liability was maintained after the transfer of the health claim reserves to CZ, as part of the transfer of the Health companies at the beginning of 2009, and more specifically covers the risk that the transferred claim reserve is insufficient for the actual claims. The liability was based on prudent assumptions, as is the case with the general insurance reserves. Accordingly the Group has included in the Group MCEV the after-tax difference between the reported liability and the actual best estimate, including a margin for uncertainty.

In the Group MCEV, the values of the general insurance businesses and the Health Contingent Liability are calculated on the basis of the IFRS shareholders’ equity plus the after-tax prudence margin in the technical provisions and in the Health Contingent Liability. The total prudence margins decreased during 2008 mainly due to a release of surplus in the technical provisions. An overview of the prudence margins as at 30 June 2009, net of reinsurance and gross of minorities, is shown in the table below.

	Reserves	Margin pre tax	Margin after tax
	(EUR million)		
Delta Lloyd ⁽¹⁾	1,361	87	65
ABN AMRO Insurance	275	19	15
OHRA	215	7	5
The Netherlands	1,851	113	84
Delta Lloyd Life (Belgium)	126	3	2
General insurance technical reserves	1,976	116	86
Health Contingent Liability ⁽²⁾	53	44	33
Total	2,030	161	119

(1) including Erasmus.

(2) reserves is classified under the category “other liabilities”.

Minorities

Minorities primarily relate to both the covered and non-covered business of ABN AMRO Insurance. Minorities reported under IFRS have been adjusted to take account of the difference between Life MCEV and the IFRS net asset value of the covered business and also the adjustments to the IFRS net asset value of the non-covered business for the prudence margin as set out in the non-covered business description.

Group MCEV analysis of earnings

The Group MCEV earnings are driven by Life MCEV earnings, IFRS earnings on non-covered business and the change in the prudence margin of the general insurance businesses and in respect of the Health Contingent Liability. See “– Market-Consistent Embedded Value – Life MCEV Results – Life MCEV analysis of movement”.

The movement of the prudence margin, is driven by releases of reserves in relation to business written in prior years and increases in the claim reserves in relation to new and existing business. Reserve releases in 2008 for the general insurance business decreased the margin in 2008. There were no reserve releases in the first six months of 2009. For the Health

Contingent Liability, liabilities were increased in 2008 and partially run-off in the half year ended 30 June 2009.

The tables below give an overview of the Group MCEV analysis of earnings for the six months periods ended 30 June 2008 and 2009 and the year ended 31 December 2008.

Six months ended 30 June 2009						
Life MCEV			Non covered business			Group MCEV (net of minorities)
	Gross of minorities	Impact of minorities	IFRS earnings	Prudence margin	Impact of minorities	
(EUR million)						
Opening Group MCEV	3,445	-201	115	126	-137	3,348
Operating Earnings	293	-12	42	-6	-12	305
Non-Operating Earnings	491	-18	-50	0	-5	418
Total Earnings	784	-30	-8	-6	-17	723
Other movements in IFRS Equity	0	0	-24	0	4	-21
Closing Adjustments	91	0	0	0	0	91
Closing Group MCEV	4,321	-231	82	119	-150	4,141

Six months ended 30 June 2008						
Life MCEV			Non covered business			Group MCEV (net of minorities)
	Gross of minorities	Impact of minorities	IFRS earnings	Prudence margin	Impact of minorities	
(EUR million)						
Opening Group MCEV	5,253	-210	874	167	-118	5,965
Operating Earnings	7	-13	6	4	-17	-13
Non-Operating Earnings	-858	37	-21	0	-3	-844
Total Earnings	-851	24	-15	4	-20	-857
Other movements in IFRS Equity	0	0	25	0	-14	11
Closing Adjustments	-252	-10	0	0	0	-262
Closing Group MCEV	4,150	-195	884	171	-152	4,857

Year ended 31 December 2008						
Life MCEV			Non covered business			Group MCEV (net of minorities)
	Gross of minorities	Impact of minorities	IFRS earnings	Prudence margin	Impact of minorities	
(EUR million)						
Opening Group MCEV	5,253	-210	874	167	-118	5,965
Operating Earnings	200	-4	76	-41	-24	207
Non-Operating Earnings	-2,141	35	-254	0	21	-2,339
Total Earnings	-1,940	31	-179	-41	-3	-2,132
Other movements in IFRS Equity	0	0	-580	0	-16	-596
Closing Adjustments	133	-22	0	0	0	111
Closing Group MCEV	3,445	-201	115	126	-137	3,348

Life MCEV Results

Reconciliation from IFRS shareholders' equity to Life MCEV shareholders' net worth

The table below shows the reconciliation between the IFRS shareholders' equity of the covered business and the Life MCEV shareholders' net worth gross of minorities.

	30 June		31 December	
	2009	2008	2008	2007
(EUR million)				
IFRS shareholders' equity before deduction of minorities	3,960	4,128	3,286	5,073
Less: shareholders' equity of non-covered business	-82	-884	-115	-874
IFRS shareholders' equity of covered life businesses	3,877	3,244	3,171	4,200
IFRS intangibles	-65	-73	-81	-75
Difference in asset values between IFRS and Life MCEV	43	2	2	-10
Difference in technical provisions between IFRS and Life MCEV	-1,166	42	-1,002	0
Life MCEV shareholders' net worth	2,689	3,215	2,090	4,114

The Life MCEV shareholders' net worth differs from the IFRS shareholders' equity with respect to the following items:

- *Shareholders' equity of non-covered business.* The Life MCEV shareholders' net worth only relates to the covered life business. Therefore, any shareholders' equity relating to other lines of business, including non-covered life business, is deducted.
- *IFRS intangibles.* IFRS intangibles in relation to the covered business are not included in the Life MCEV shareholders' net worth.
- *Difference in asset values between IFRS and Life MCEV.* There are differences in the after-tax values of assets calculated on the IFRS basis and the Life MCEV basis.
- *Difference in technical provisions between IFRS and Life MCEV.* Principally because the after-tax Life MCEV shareholders' net worth is based on regulatory reserves. The regulatory reserves at 31 December 2008 and 30 June 2009 have been calculated using the ECB AAA bond curve or the swap yield curve in respect of the Dutch entities whereas IFRS reserves used the collateralised AAA bond curve.

Required Capital as proportion of regulatory capital

Under Life MCEV, the Group derives the required capital as the maximum of the economic capital requirements calibrated to a certainty level of 99.5% and Solvency I, or regulatory,

capital. The table below provides an overview of the required capital compared to the regulatory capital.

	30 June		31 December	
	2009	2008	2008	2007
	(EUR million)			
Regulatory capital (Wft basis) ⁽¹⁾	1,504	1,273	1,542	1,267
Required capital	2,235	2,559	2,000	2,435
Ratio %	149%	201%	130%	192%

(1) Wet op het Financieel Toezicht (Dutch Financial Supervision Act).

As the table shows the Life MCEV required capital is substantially higher than the regulatory capital and hence the frictional costs of capital is based on a higher number than the regulatory capital requirement.

Life MCEV analysis of movement

The tables below set out the analysis of movement of Life MCEV for the total Group (gross of minority interests) for the periods specified therein.

Six months ended 30 June 2009				
	Life MCEV	Free Surplus	Required Capital	Value in Force
	(EUR million)			
Opening Life MCEV	3,445	90	2,000	1,356
New business value	17	-146	84	79
Expected existing business contribution (reference rate)	86	1	27	58
Expected existing business contribution (in excess of reference rate)	36	-2	11	27
Transfer from VIF and required capital to free surplus	0	121	-89	-32
Experience variances	60	-6	-3	69
Operating assumption changes	97	0	0	97
Other operating variance	-3	-423	265	156
Life MCEV operating earnings	293	-456	297	453
Economic variances	491	730	-62	-177
Other non operating variances	0	0	0	0
Total Life MCEV earnings	784	274	235	276
Closing adjustments	91	91	0	0
Closing Life MCEV	4,321	455	2,235	1,631

Six months ended 30 June 2008				
	Life MCEV	Free Surplus	Required Capital	Value in Force
(EUR million)				
Opening Life MCEV	5,253	1,680	2,435	1,139
New business value	-45	-280	181	53
Expected existing business contribution (reference rate)	123	29	43	52
Expected existing business contribution (in excess of reference rate)	74	-7	7	73
Transfer from VIF and required capital to free surplus	0	153	-99	-55
Experience variances	13	29	-6	-10
Operating assumption changes	-136	0	0	-136
Other operating variance	-22	27	-27	-22
Life MCEV operating earnings	7	-49	100	-44
Economic variances	-792	-722	24	-95
Other non-operating variances	-66	0	0	-66
Total Life MCEV earnings	-851	-771	124	-205
Closing adjustments	-252	-252	0	0
Closing Life MCEV	4,150	657	2,559	934

Year ended 31 December 2008				
	Life MCEV	Free Surplus	Required Capital	Value in Force
(EUR million)				
Opening Life MCEV	5,253	1,680	2,435	1,139
New business value	-20	-496	306	170
Expected existing business contribution (reference rate)	245	47	94	104
Expected existing business contribution (in excess of reference rate)	132	20	25	87
Transfer from VIF and required capital to free surplus	0	364	-207	-158
Experience variances	-7	-19	-5	17
Operating assumption changes	-181	21	29	-231
Other operating variance	31	-42	-29	101
Life MCEV operating earnings	200	-105	214	91
Economic variances	-1,834	-1,288	-951	405
Other non-operating variances	-307	-122	5	-189
Total Life MCEV earnings	-1,940	-1,515	-733	307
Closing adjustments	133	-75	298	-91
Closing Life MCEV	3,445	90	2,000	1,356

Year ended 31 December 2007				
	Life MCEV	Free Surplus	Required Capital	Value in Force
	(EUR million)			
Opening Life MCEV	5,211	1,891	2,218	1,101
New business value	6	-371	266	110
Expected existing business contribution (reference rate)	233	56	71	106
Expected existing business contribution (in excess of reference rate)	161	8	13	140
Transfer from VIF and required capital to free surplus	0	352	-126	-226
Experience variances	-5	33	-33	-5
Operating assumption changes	-70	-2	-2	-66
Other operating variance	-45	0	0	-45
Life MCEV operating earnings	279	76	189	15
Economic variances	222	232	-15	4
Other non-operating variances	0	0	0	0
Total Life MCEV earnings	501	308	174	19
Closing adjustments	-458	-520	43	19
Closing Life MCEV	5,253	1,680	2,435	1,139

The line items of the analysis of movement are explained below. The new business value is separately discussed in “– Market-Consistent Embedded Value – New Business Value”.

Overview of Life MCEV development

The significant reduction in the Life MCEV at year end 2008 was mainly due to the impact of the distressed state of capital markets at that time. Equity markets decreased by approximately 50% and interest rates decreased while credit spreads increased. In addition, there was a negative contribution caused by the settlement with respect to unit-linked policies. See “– Market-Consistent Embedded Value – Life MCEV Results – Life MCEV analysis of movement – Other non operating variances: impact of unit-linked settlement”. Equity put options provided partial protection for the equity market exposure. The negative impact of asset value decreases due to higher credit spreads was offset in part by a decrease in technical reserves due to an increase in the collateralised AAA bond curve used for the valuation of liabilities. The lower interest rate environment in 2008 had a limited negative impact due to interest rate hedges.

In the first half year of 2009 the markets partially recovered, with half year 2009 Life MCEV of EUR 4,321 million slightly above the half year 2008 Life MCEV of EUR 4,150 million. This was due to the significant impact of the movement in the collateralised AAA bond curve, expense controls and policyholder bonus revisions. The positive impact of the movement of the collateralised AAA bond curve was EUR 1,316 million on the liabilities and the negative impact of decreasing asset values was approximately EUR 890 million. The cost of non-hedgeable risks increased significantly in the first half of 2009. This was largely due to the impact of an inclusion of an explicit allowance for liquidity premium risk and an increase in the allowance for longevity risk. Furthermore a capital reallocation of EUR 91 million from general insurance into the life business occurred.

The PVFP was fairly stable between 2007 and 2008. The increase during the first half of 2009 can be mainly attributed to a positive change related to the German bonus rates of EUR 97 million and the future release of margins in the regulatory reserves, due to the calculation of the reserves being based on the lower yielding ECB AAA bond curve instead of the collateralised AAA bond curve.

Required capital decreased significantly at the end of 2008 due to the additional margins within the regulatory reserves, although the total economic capital requirements remained unchanged. As a result FC decreased at the end of 2008.

The acquisition of Swiss Life Belgium was allowed for as a closing adjustment within the full year 2008 analysis of movement. See “– Market-Consistent Embedded Value – Life MCEV Results – Life MCEV analysis of movement – Closing adjustments”.

Expected existing business contribution

The expected existing business contribution (reference rate) represents the unwinding of the reference rate on the opening Life MCEV. However, the reference rate is not an estimate of the actual expected real world investment returns based on the Group’s expectations.

Accordingly, on a separate line, the expected real world return over and above the reference rate is included on the basis set out under “Economic Assumptions”.

The sum of the two “expected return on existing business contribution” rows (“reference rate” and “in excess of reference rate”) was lower during the six month period to 30 June 2009 than the six month period to 30 June 2008 as a result of the MCEV as at 31 December 2008 being lower than the MCEV as at 31 December 2007.

Experience variances

Experience variances represent the impact on Life MCEV as a result of the difference between assumed and actual operating experience in the reporting period, including expense, demographic and persistency experience.

In the first half year of 2009, experience variances amounted to EUR 60 million. The main driver of the experience variance in the first half of 2009 is a revision to the information regarding a co-assurance annuity portfolio in Germany, which allowed the Group to improve the valuation of that portfolio.

The positive impact in the first half year of 2009 is in contrast with 2008 and 2007 where experience variances had a negative contribution of respectively EUR 7 million in 2008 and EUR 5 million in 2007. The negative variances were driven by increasing expense levels in 2007 and 2008, which also led to a change in the operating assumptions at the end of these years. For the first half of 2009, actual expenses were less than assumed, resulting in a positive experience variance.

The table below sets out the experience variances relating to expenses for the six month periods ended 30 June 2008 and 2009 and the twelve month periods ended 31 December 2007 and 2008.

	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	(EUR million)			
Maintenance expenses	13	3	-31	-16
Exceptional development and one-off expenses	-2	-1	-24	-19

Within the Life MCEV an amount of structural project expenses is allowed for within the cash flow projections, based on the analysis of historical expenses. Expenses above the level of expected project expenses, due to exceptional events and projects of a strategic nature, are treated as one-off expenses.

Expenses related to the integration of Swiss Life Belgium are included in the maintenance expense variance over 2008.

Operating assumption changes

Operating assumption changes reflect the impact of expected permanent changes in operating assumptions. Operating assumptions changes represented a positive contribution of EUR 97 million to operating profits in the first half year of 2009 compared with negative contributions in the first half year of 2008 of EUR 136 million, EUR 181 million in 2008 (of which EUR 136 million relate to the first half year) and EUR 70 million in 2007. Assumptions relate primarily to changes in maintenance expense assumptions, updated mortality rates and changes in bonus rates.

Changes in operating maintenance expense assumptions resulted in a reduction in Life MCEV in 2007 (EUR -38 million) and 2008 (EUR -153 million), reflecting increased expense levels. The effect was the most significant in 2008, where due to the increase in the level of expenses all divisions increased their maintenance expense assumptions.

EUR 125 million of expense reductions are being targeted during 2009. This target has only been included in the 30 June 2009 Life MCEV to the extent that planned expense reductions have been realised by 30 June 2009.

In 2007 and 2008, mortality rates and longevity assumptions were updated to reflect the latest developments, which had an overall negative impact on the Life MCEV. In particular in 2008 the Group moved to an improved method for analysing mortality trends, which led to a negative adjustment of EUR 97 million.

Operating assumptions include changes in management decisions regarding bonus strategies in Belgium and Germany. As a result of the integration of the newly acquired Swiss Life Belgium into the existing Belgian operations, the profit-sharing policy was aligned with the Group's practice at the end of 2008. This resulted in a value increase of EUR 81 million. In the first half year of 2009, the Group decided to update the future bonus rate strategy for Germany; the update had a positive impact of EUR 97 million.

Other operating variances

The other operating variances comprise various items relating to changes in methodology.

In respect of the first half of 2009 various changes were made in respect of the methodology in Belgium and Germany. In Belgium the methodology moved from using IFRS based liability reserves to the Belgian regulatory reserves. This resulted in a movement between VIF and free surplus. In Germany the required capital determination was updated to the economic capital requirement, which lead to an increase in required capital and a decrease of free surplus.

The methodological changes as at 30 June 2009 with respect to the inclusion of liquidity premium risk and the extension of the application of the collateralised AAA bond curve have been classified within the economic variances.

In respect of the first half of 2008 as well as the full year 2008 the operating variances were largely due to movement within the Group between required capital and free surplus due to regulatory requirements

In respect of the full year 2007, TVOG calculations were improved and methodology for deriving frictional cost was improved.

Economic variances

This item includes the impact of both investment variances and economic assumption changes.

Investment variance reflects the impact of investment return experience in the period differing from assumed real world investment returns. Any tax variance is also included where this does not arise from management action.

In respect of the first six months of 2009, the impact of the movement of the collateralised AAA bond curve was a net increase in Life MCEV of EUR 426 million. This effect can be broken down into a decrease in the value of the IFRS liabilities of EUR 1,316 million associated with the use of the collateralised AAA bond curve, which was partially offset by a decline in fixed income asset values of approximately EUR 890 million. The impact on Life MCEV of movement in the equity market was limited, although markets were extremely volatile in the period. The company was able to benefit from bond market movements by actively reviewing its fixed income and derivative positions as credit spreads and spreads on government bonds varied significantly during the first half of 2009. Despite the high credit spreads, no defaults occurred in the fixed income portfolio, which had a positive effect on the value.

The Group's variances in economic experience and economic assumptions changes on existing business decreased by EUR 2,056 million from EUR 222 million in 2007 to a loss of EUR -1,834 million in 2008. This decrease is primarily due to the decrease of approximately 50% in equity markets during 2008. Equity put options provided partial protection for the equity market exposure. Furthermore interest rates decreased while credit spreads increased.

The negative impact on asset values due to higher credit spreads was offset through use of the collateralised AAA bond curve for the valuation of liabilities.

Other non-operating variances: impact of unit-linked settlement

See “– Key Factors affecting results of Operations – Unit-linked Insurance Transparency Investigation and Settlement” for a description of an out-of-court settlement with consumer groups in relation to unit-linked insurance products. The settlement had an estimated after tax impact of EUR 66 million which was included in the Life MCEV results for the first half of 2008. The expected impact on the Life MCEV results was updated to EUR 307 million after tax for the full year 2008.

Closing adjustments

Closing adjustments consist of capital movements between the Life MCEV and the non-covered business, for example by way of dividends. The impact of the closing adjustments on Life MCEV changed from a negative impact of EUR 458 million in 2007, largely due to dividends, to a positive impact of EUR 133 million in 2008. The 2008 closing adjustment mainly resulted from the acquisition of Swiss Life Belgium. For the first half of 2009 capital injections, resulting from a capital transfer from non-covered business to covered business, had a positive impact of EUR 91 million. The closing adjustment in respect of the first half year of 2008 was EUR -253 million, mainly as a result of dividend payments.

New Business Value

Overview of new business

The table below sets out an overview of the after tax new business value gross of minorities. This is one of the key indicators that the Group uses to measure the profitability of its new life insurance business. Breakdowns by brand and by product are provided separately further below.

	Six months ended 30 June		Twelve months ended 31 December	
	2009	2008	2008	2007
<i>(EUR million, except where indicated)</i>				
New business value	16.8	-45.5	-19.9	5.7
Present Value New Business Premiums (PVNBP)	2,050	2,881	5,121	4,574
New business margin (PVNBP basis)	0.8%	-1.6%	-0.4%	0.1%
Single premium	968	1,809	2,903	2,562
Annual premium	119	99	245	233
Average annual premium multiplier ⁽¹⁾	9.1	10.8	9.0	8.6

(1) Calculated by the following formula: (PVNBP – single premium)/annual premium.

Note that in accordance with MCEV Principles, the projected cash flows used to calculate the new business value do not allow for any excess investment return earned over the reference rate.

The new business value improved from EUR 5.7 million in 2007 to EUR 16.8 million for the first half of 2009, with a negative value of EUR 19.9 million in 2008. The significant reduction in new business value in 2008 was mainly caused by the previous policy of aggressive pricing for group pensions business and the impact of the changes in policyholder legislation in Germany (which resulted in mandatory participation benefits for policyholders).

In the first half of 2009 the Group focused on disciplined pricing for group pensions, which together with an increase in the collateralised AAA bond curve, resulted in a significant increase in new business value for this line of business. Cost cutting programmes also had a positive impact on the new business value.

The new business margin of -0.4% in 2008 reflects the then aggressive approach to pricing in the group pensions market, as the Group wrote significant volumes of new business in order to build market share, and benefit from potentially higher investment returns in the future, which are not reflected in the new business value.

The development of new business value and PVNBP described above resulted from the Group focusing on new business profitability. The factors above have resulted in a new business margin (by PVNBP) of 0.8% for the first half of 2009, being an improvement of 1.2% from the negative new business margin of -0.4% in 2008.

The change in margin from 2008 to the first half-year of 2009 can be broken down into the following categories (gross of minorities).

	Margin	Change in Margin
FY 2008 point of sale assumptions	-0.4%	
HY 2009 pricing and economic assumptions		0.5%
HY 2009 product mix		0.2%
HY 2009 expenses		0.3%
Other		0.3%
HY 2009	0.8%	1.2%

Total premiums measured by PVNBP increased to EUR 5,121 million in 2008 compared to EUR 4,574 million in 2007. Relative to the first half of 2008 there has been a decrease in the first half of 2009, mainly as a result of disciplined pricing of traditional group business attracting less, but more profitable, business.

Product analysis of new business for the Group

The table below provides details of the product analysis of new business for the Group. It should be noted that for a comparison between the first half of 2009 and full year 2008, the 2009 new business values and PVNBP only consist of a half year of new business written.

	Six months ended 30 June 2009			Year ended 31 December 2008		
	New business value	PVNBP	New business margin by PVNBP	New business value	PVNBP	New business margin by PVNBP
<i>(EUR million, except where indicated)</i>						
Term assurance	11.7	85	13.8%	31.7	270	11.8%
Individual Savings – unit-linked	0.5	92	0.5%	4.6	380	1.2%
Individual Savings – traditional	0.4	104	0.3%	0.4	361	0.1%
Individual pensions – unit-linked	0.4	14	2.9%	4.9	45	10.8%
Individual pensions – traditional	-3.7	88	-4.2%	-3.3	40	-8.3%
Immediate annuities	-2.8	299	-0.9%	-7.1	486	-1.5%
Group pensions – unit-linked	-12.9	496	-2.6%	-28.3	641	-4.4%
Group business – traditional	36.4	665	5.5%	-9.7	2,629	-0.4%
Unallocated items	-2.7	0	nm.	-10.4	0	nm.
Dutch and Belgian products	27.2	1843	1.5%	-17.3	4,852	-0.4%
German products	-10.4	206	-5.0%	-2.6	269	-1.0%
Total (gross of minorities)	16.8	2,050	0.8%	-19.9	5,121	-0.4%
Total (net of minorities)	11.8	1,926	0.6%	-33.0	4,835	-0.7%

Term assurance

In the first half of 2009, the new business margin for term assurance increased compared to 2008. However, volumes decreased substantially relative to 2008 due to a slow down in the mortgage market, resulting in a negative impact on the absolute new business value.

Individual life (savings and pensions)

The margins on savings business have generally been low. Volumes of individual savings declined significantly in the first 6 months of 2009 and combined with margins in unit-linked savings has resulted in a reduction of new business value.

For individual pensions shifts in volume impacted the margins.

Immediate annuities

Annuity products are traditionally sold through direct distribution brands at competitive commodity based pricing.

On a Life MCEV basis the potential additional returns above the reference rate are not reflected. The Group therefore believes the underlying economics of this business to be attractive despite the negative Life MCEV margins. Nevertheless the Group is targeting a 1% margin on the Life MCEV metric over the medium term.

Group unit-linked

The value of group unit-linked business is negative for all periods. Service costs for maintaining these products are currently in excess of charges assumed within product pricing. As part of the cost saving programme the Group is actively addressing the issue for this particular product.

Group traditional

In 2008, the pricing in the group pensions business was highly competitive, attracting large premium volumes but driving the new business margin down. However, disciplined pricing and movement of the collateralised AAA bond curve improved the new business margin for these products by almost 6 percentage points, resulting in a significant increase in new business value of more than EUR 40 million in the first half of 2009.

For more information see “– Key Factors Affecting Results of Operations – Group Pension Insurance Contracts”.

Unallocated items

The items not allocated at the product line level include holding company expenses allocated to the acquisition of new business, expense overruns allocated at an entity but not at product level, and look-through fund management fees. These items are broken down for each reporting period as set out in the table below:

	Six months ended 30 June 2009	Year ended 31 December 2008
	<i>(EUR million)</i>	
Holding company acquisition expenses	-2.5	-7.6
Expense overruns	-4.5	-11.2
Look through fund management fees	4.3	8.4
Total	-2.7	-10.4

German products

German products are shown separately in the new business table. German profit-sharing rules and laws require profit-sharing to policyholders on the basis of the actual profit of the insurance company. The value of new business can therefore not be seen in isolation per product, but can only be appreciated as part of the total business sold.

The margins of German business have dramatically declined. This is mainly due to the level of German expenses, which are above market levels given current volumes generated by the business. The new policyholder legislation in Germany restricts the offsetting effect of new business expenses against technical profits which directly affects the profit-sharing payout to policyholders and has a negative impact on the new business value.

New business by brand

The table below shows the results of new business value for the Group by brand, gross of minorities.

	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	(EUR million)			
Delta Lloyd	8.2	-51.4	-54.8	-9.2
ABN AMRO Insurance	10.3	7.2	26.6	12.3
OHRA	-0.5	-4.5	-7.8	-6.1
Unallocated items	2.2	3.6	2.9	5.4
Total the Netherlands	20.2	-45.1	-33.1	2.4
Belgium	7.0	1.3	15.7	5.6
Germany	-10.4	-1.7	-2.6	-2.3
Total	16.8	-45.5	-19.9	5.7

Delta Lloyd

Delta Lloyd has shown a positive new business value in 2009, improving from a negative value for the previous reporting periods. This can primarily be explained by the increase in the new business value of the traditional group pensions business, as explained above.

The negative impact on the new business of Delta Lloyd in 2008 is primarily a result of the aggressive pricing of the traditional group pensions business at that time.

ABN AMRO Insurance

The value of new business of ABN AMRO Insurance is dominated by profitable term business.

The improvement in the value of new business over the period was due to contribution of term volumes following focus from the Group on this profitable line of business as well as adjustments to mortality assumptions reflecting lower mortality experience for this customer segment.

OHRA

The OHRA business consists mainly of immediate annuities, for which the margins are currently low as described in the product margin overview above. Disciplined pricing and movement in the collateralised AAA bond curve improved OHRA's new business margin.

Unallocated items

The items not allocated by brand are shown in the table below and include holding company expenses allocated to the acquisition of new business, look-through fund management fees, and a non-hedgeable risk adjustment representing the diversification benefit at a holding level.

	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	(EUR million)			
Holding company expenses allocated to new business	-2.5	-1.7	-7.6	-4.8
Look through Fund management fees	4.3	4.0	8.4	8.8
CNHR adjustment	0.4	1.3	2.1	1.4
Total	2.2	3.6	2.9	5.4

Belgium

Swiss Life Belgium was acquired on 30 June 2008 and at that date was included in the Group MCEV under non covered business. Swiss Life Belgium is included in the covered business for the year ended 31 December 2008 (where twelve months of sales have been allowed for) and the six months ended June 30, 2009. The acquisition resulted in a significant increase in PVNBP of the Belgian operation.

Germany

Germany has shown a negative new business value in recent years. This is mainly due to the level of German expenses which are above charges assumed in pricing and market levels given current volumes generated by the business. These costs cannot be allocated for the account of policyholders under profit-sharing arrangements due to the new policyholder legislation.

PVNB by brand

The table below shows the PVNB by brand (gross of minorities).

	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	(EUR million)			
Delta Lloyd	924	1,836	3,033	2,532
OHRA	237	229	357	434
ABN AMRO Insurance	251	317	583	572
Total The Netherlands	1,413	2,382	3,972	3,538
Belgium	431	402	879	813
Germany	206	97	269	222
Total	2,050	2,881	5,121	4,574

There is no PVNB associated with service and holding due to the fact that fees associated with value of new business in respect of this business line is not recorded as premium, but as fee income.

The PVNB for Germany for the six months ended 30 June 2009 is significantly greater than the respective period in 2008 due to a large amount (approximately EUR 100 million) of single premium short term investment bond business sold.

The table below shows the new business margin by PVNB by brand (gross of minorities). This reflects the trends in volumes and profitability discussed above.

	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
Delta Lloyd	0.9%	-2.8%	-1.8%	-0.4%
OHRA	-0.2%	-2.0%	-2.2%	-1.4%
ABN AMRO Insurance	4.1%	2.3%	4.6%	2.1%
Service and holding	—	—	—	—
Total The Netherlands	1.4%	-1.9%	-0.8%	0.1%
Belgium	1.6%	0.3%	1.8%	0.7%
Germany	-5.0%	-1.7%	-1.0%	-1.0%
Total	0.8%	-1.6%	-0.4%	0.1%

Sensitivity Analysis

Embedded value calculations rely upon best estimate assumptions such as interest rates, investment returns, mortality rates, lapse rates and expense assumptions.

Sensitivity testing of the embedded value outcomes for alternative assumptions is provided in the tables below. The tables show the sensitivity of the embedded value and the new business value for various reporting periods gross of minorities, as specified by the MCEV principles. Additional sensitivities are also shown under “– Market-Consistent Embedded Value – Sensitivity Analysis – Other sensitivities”.

Please note that sensitivities are not cumulative.

Life MCEV (gross of minorities)

	30 June		31 December	
	2009	2008	2008	2007
	(EUR million)			
Base Life MCEV	4,321	4,150	3,445	5,253
Sensitivity to economic assumptions				
Equity market values +10%	259	411	261	459
Equity market values -10%	-265	-399	-231	-468
Property market values +10%	166	138	167	169
Property market values -10%	-169	-151	-172	-182
Market interest rates +1%	-67	111	260	104
Market interest rates -1%	-68	-342	-521	-647
Equity and property implied volatilities +25%	-46	-133	-226	-95
Swaption implied volatility +25%	-46	-12	-169	-61
Required capital – 100% EU minimum or equivalent	59	110	38	31
Sensitivity to non-economic assumptions				
Maintenance expenses +10%	-209	-172	-214	-141
Lapse rates +10%	-30	-22	-10	-20
Assurance mortality/morbidity +5%	-40	-18	-33	-16
Annuitant mortality -5%	-94	-66	-136	-64

The decrease at 30 June 2009 and 31 December 2008 in sensitivity to changes in equity market values is due to a lower exposure to equities as a result of lower equity values during 2008 as well as the hedging program to protect the equity portfolio.

When the market interest rate sensitivities are performed consequential changes in yield and values at each valuation date are allowed for on all assets and liabilities. For further details of the sensitivity analysis see “– Market-Consistent Embedded Value – Sensitivity Analysis – Other sensitivities”.

The interest rate sensitivities decreased in 2009, resulting from a closer match of the interest hedging program to the liability cash flows and the interest rate sensitivity for annual premium group contracts only being performed for the contract period and not for any extensions thereof. Implicitly the sensitivities for annual premium group contracts therefore assume that at the end of the contract period, on renewal, policies are repriced to take account of the change in interest rates assumed in the sensitivity.

The impact on the Life MCEV of the market interest rate sensitivities is not linear. The value of the Group’s assets and liabilities are typically more affected by a downward change of the yield curve. However, as a consequence of the Group’s hedging programme the impact is reduced. As at 30 June 2009, the movement upwards in interest rates also shows a small negative effect resulting from an increase in liabilities in relation to profit-sharing and unit-linked business.

For economic sensitivities that have a material impact on reserves, the reserves are recalculated. All non-economic sensitivities, as well as the implied volatility sensitivities are more or less symmetric, so changes have only been reflected in one direction.

New business (gross of minorities)

	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	(EUR million)			
Base new business value	16.8	-45.5	-19.9	5.7
Sensitivity to economic assumptions				
Equity market values +10%	8.5	2.2	0.5	1.0
Equity market values -10%	-0.1	-0.1	-0.5	-1.0
Property market values +10%	3.9	2.1	—	2.1
Property market values -10%	3.2	-2.1	-0.5	-2.1
Market interest rates +1%	-2.7	51.2	17.9	23.6
Market interest rates -1%	-13.9	-76.2	-25.5	-40.0
Equity and property implied volatilities +25%	1.0	-2.3	-1.0	-4.9
Swaption implied volatility +25%	-0.5	-1.1	-0.3	0.4
Required capital – 100% EU minimum or equivalent	1.4	2.5	4.4	3.6
Sensitivity to non-economic assumptions				
Maintenance expenses +10%	-9.7	-6.1	-16.5	-3.9
Lapse rates +10%	-5.2	-1.5	-4.9	-1.3
Assurance mortality/morbidity +5%	-0.8	-1.3	-0.1	-2.3
Annuitant mortality -5%	0.0	-7.5	-18.1	-0.6

New business sensitivities are based on end of period capital market data. However, for the six months ended 30 June 2008 and the full year 2007 sensitivities were based on point of sale economic assumptions.

For ABN AMRO Insurance and OHRA the new business sensitivities have been calculated allowing for changes in the reserving bases. For other business the reserving bases are assumed unchanged.

The new business sensitivities are also affected by the volume and mix of new business from period to period.

All non economic sensitivities, as well as the implied volatility sensitivities are more or less symmetric, so changes have only been reflected in one direction.

Other sensitivities

In the table below certain other sensitivities and the impact on the value of the Group MCEV and new business value are shown. In the first sensitivity the swap rate has been used as the reference rate compared to using the collateralised AAA bond curve in the base case as at 30 June 2009. The second sensitivity shows the effect when credit spread levels return to the historic levels as at the end of 2006. The credit spread -0.5% and +0.5% sensitivities show the impact of the change of the asset values of the covered business on the Group MCEV at 30 June 2009. The last sensitivity shows the impact on the Group MCEV and new business value as at the end of 2008 using the swap rate as a reference rate and implied volatilities as at 31 December 2008.

	Group MCEV (gross of minorities)	New business value (gross of minorities)
	(EUR million)	
Base Scenario 30 June 2009	4,522	16.8
HY09 using EUR swap curve as reference rate	-1,744	-27.7
HY09 asset valuation using end 2006 spreads	1,324	NM
Credit spread – 0.5%	153 ⁽¹⁾	2.6
Credit spread + 0.5%	-121 ⁽¹⁾	-2.0
Base Scenario 31 December 2008	3,686	-19.9
FY08 using EUR swap curve as reference rate and end of year implied volatilities for TVOG	-1,826	-104.3

(1) This sensitivity has not been applied to the non-covered business assets.

Reconciliation to Reported Aviva MCEV

The table below reconciles the reported Life MCEV of the Aviva segment “Netherlands (including Belgium and Germany)” as disclosed on page 110 of the “Aviva plc half year report for the six months ended 30 June 2009” to the Life MCEV value of the Group on a stand alone basis.

	Life MCEV	New business value
	(EUR million, except where indicated)	
Life MCEV (gross of minorities, on Group's basis)	4,321	16.8
Assumption changes	58	-1.9
CNHR from 3.0% to 1.5%	204	4.2
Reference rate change	-1,627	-44.5
Minority adjustments (on Aviva basis)	-211	-6.2
Life MCEV (net of minorities, on Aviva basis) (euro)	2,746	-31.6
Life MCEV (net of minorities, on Aviva basis) (GBP)	2,325	-28

The differences between the Group MCEV and that calculated for the Group by Aviva are primarily the result of the following factors:

- assumption changes reflecting updates to assumptions and input data that were not available at the time of completion of the Life MCEV (Aviva basis) calculation, such as the change in the implied volatility calibration from a 31 August 2008 implied volatility calibration to a 30 June 2009 implied volatility calibration;
- effect of the move from a 3% to a 1.5% charge on NHR capital on a standalone basis, which the Group believes better reflects the Group's risks, to derive the CNHR;
- the impact of the move from a collateralised AAA bond curve to a swap curve, with a liquidity premium for annuities and paid-up group pensions;
- the minority interest, primarily in ABN AMRO Insurance; and
- effect of moving from euro to GBP, where the exchange rate for in-force business is based on GBP1:EUR1.18 exchange rate as of 30 June 2009 and the exchange rate for new business is based on GBP1:EUR1.12 which is an average exchange rate over the first half of 2009.

IDR and Traditional Embedded Value

For communication purposes, an IDR was calculated for the Group.

As described previously, the IDR, is the risk discount rate which, when used within a traditional embedded value approach using investment risk premiums in the projections (net of traditional cost of required capital, with no explicit allowance for the time value of financial

options and guarantees or the CNHR) gives the same value as that arising from the Life MCEV approach (net of the time value cost of financial options and guarantees, the frictional costs of required capital and the CNHR).

The calculated IDR (gross of minorities) as at 30 June 2009 was equal to 10.6%.

The same projected distributable earnings cash flows as used for the IDR calculation have also been used to derive sensitivities to the 30 June 2009 embedded value calculated on a traditional basis as set out below using different risk discount rates which are shown in the table below.

Risk discount rate	Embedded value (gross of minorities) as at 30 June 2009
10.6% (IDR)	4,321
8%	5,109
9%	4,767
10%	4,474
11%	4,220

Areas of Non-Compliance with MCEV Principles

The MCEV Principles were designed during a period of relatively stable market conditions, and prescribe the use of a swap yield curve as a reference rate. The Group has chosen to make alternative assumptions to some of the MCEV Principles, especially for 31 December 2008 and 30 June 2009 reporting. The Group is of the opinion that this alternative approach better reflects the fair value of both assets and liabilities, and therefore better reflects the economic value of the company.

On 19 December 2008, the CFO Forum announced that it had agreed to conduct a review of the impact of turbulent market conditions on the MCEV Principles, the result of which review may lead to changes to the published MCEV Principles or the issuance of guidance. The particular areas under review include the prescribed use of swap rates as a proxy for risk-free rates and the effect of liquidity premiums, as well as implied volatilities and the cost of non-hedgeable risks.

The Life MCEV basis used by the Group does not comply with all elements of the MCEV Principles. This should be considered in the context of the background information provided in this section of the prospectus.

The sensitivities set out in “– Market-Consistent Embedded Value – Sensitivity Analysis” include the impact on the Group’s MCEV and new business value of covered business of amending the basis of preparation to comply with the MCEV Principles in respect of two economic calibration issues: the reference rate and the economic scenarios used to value embedded options and guarantees.

The elements of non-compliance are set out below.

Calibration of reference rate

The MCEV Principles do not allow any other curve than the swap rate curve to be used for the reference rate. With respect to the reference rate, the Group makes a distinction between liquid and illiquid liabilities. The application of the collateralised AAA bond curve for illiquid liabilities at 31 December 2008 and 30 June 2009 results in non-compliance with MCEV Principles 3, 7, 12, 13 and 14 for full year 2008 and half year 2009 Life MCEV reporting (both in-force business and new business).

The Life MCEV calculated at other dates comply with the relevant MCEV Principles, with respect to the reference rate.

Further details of the products using swap and the products using the collateralised AAA bond curve at 31 December 2008 and 30 June 2009 are described under “– Market-Consistent Embedded Value – Additional Matters relating to the Life MCEV Methodology – Reference rate”.

A knock on effect of the choice of reference rate is that the PVNBP used in the new business multiplier does not comply with MCEV Principle G10.8 which requires the premiums be discounted using the swap yield curve. The reference rate used in the PVNBP calculation (denominator of the new business margin) is consistent with the reference rate used in the new business value (numerator of the new business margin).

Calibration of economic scenarios used to value embedded options and guarantees

CFO Forum Principles 6, 7, 12 and 15 prescribe the use of reliable and actual market prices for the valuation of insurance options and guarantees. The Group deviated from this approach for the 31 December 2008 valuations by calibrating to market data as at 31 August 2008, which results in non-compliance with Principles 3, 6, 7, 12 and 15 for the reported Life MCEV at 31 December 2008 (both in-force business and new business). Further details are described under “– Market-Consistent Embedded Value – Assumptions – Economic Assumptions – Calibration of economic scenarios used in TVOG”.

The Life MCEV calculated at other dates comply with the relevant MCEV Principles, with respect to the calibration of options and guarantees.

Non-hedgeable financial risk

The CNHR at 31 December 2008 does not make allowance for the impact of the non-hedgeable financial risk arising from use of the collateralised AAA bond curve as the reference rate, which is required by MCEV Principle 9 and G9.3.

Maintenance expense assumptions used in new business value

The maintenance expense assumptions used in the new business value calculation do not allow for the allocation of holding company expenses, resulting in non-compliance with MCEV Principles G10.5 and G11.11. Further details of the allocation of holding company expenses to other assumptions within the new business value and Life MCEV are described under “– Market-Consistent Embedded Value – Assumptions – Non economic assumptions – Expense assumptions”.

Shareholders’ net worth based on IFRS liabilities not regulatory liabilities

The Belgian shareholders’ net worth for reporting periods up to 31 December 2008 was defined as the market value of assets not required to back the IFRS liabilities. MCEV Principles G3.5 requires the definition to be the market value of assets not required to back the regulatory liabilities. This impacts the split of the Life MCEV components of value.

Valuation of debt

Debt within the Life MCEV of covered business is valued at amortised cost consistently with the treatment within the IFRS. This is not consistent with MCEV Principle G3.4 which requires the debt to be valued at mark-to-market or mark-to-model value.

Treatment of group business

The projection of future premiums on group business excludes contractual and reasonably predictable increases in premium beyond the level of premium at the valuation date and, related to this, a lower expense inflation assumption is applied to group traditional business. Such increases are required to be included by MCEV Principles G10.3.

All group contracts are assumed to be renewed at their contractual end date based on their current tariff, whereas MCEV Principles 11 and G11.1 require that only best estimate levels of renewal are assumed.

Calculation of Group MCEV

This report does not set out Group MCEV earnings movement analysis for the year ended 31 December 2007, as required by MCEV Principles G17.3.38.

Adequacy tests of certain of the general insurance and health insurance reserves of the Group illustrate that these reserves are based on prudent assumptions, rather than market-consistent assumptions. The Group therefore explicitly discloses the prudence margins within the general insurance and health insurance reserves, to better reflect the value of the general insurance and health insurance segments (non-covered business). This approach however does not comply with Guidance 17.3.37 of the MCEV Principles which requires non-covered businesses to be valued using the unadjusted IFRS net asset value.

Statement of Directors' Responsibilities in respect of the Life MCEV Basis

When compliance with the MCEV Principles is stated, those principles require the directors to prepare supplementary information in accordance with the methodology contained in the MCEV Principles and to disclose and explain any non-compliance with the guidance included in the MCEV Principles. In preparing this supplementary information, the directors have done so in accordance with these MCEV Principles and have also fully complied with all the guidance included therein, with the exception of areas as mentioned under “– Market-Consistent Embedded Value – Areas of non-compliance with MCEV Principles”. Specifically, the directors have:

- determined assumptions on a realistic basis, having regard to past, current and expected future experience and to relevant external data, and then applied them consistently;
- made estimates that are reasonable and consistent; and
- provided additional disclosures when compliance with the specific requirements of the MCEV Principles is insufficient to enable users to understand the impact of particular transactions, other events and conditions and the Group's financial position and financial performance.

GENERAL INSURANCE CLAIMS RESERVES

Results for the Group's general insurance business are significantly influenced by estimates of general insurance claims and claims expense reserves. The Group is required by applicable insurance laws and regulations to establish reserves for payment of losses and loss adjustment expenses that arise from its general insurance products. The Group's reserves are an estimate of future amounts necessary to settle all outstanding and IBNR claims, including legal and other expenses, as of the relevant date. Such estimates are made on the basis of the facts available at the time the reserve is established and using established actuarial methodologies. The calculation of reserves is subject to assumptions reflecting, among other things, economic factors such as inflation rates, as well as legal and regulatory developments, which can change over time. The Group continually reviews and updates the methods and assumptions used to determine such estimates and establish the resulting reserves. It records any such reserve adjustments in current income. See "[Risk Management](#)" for a further description of the Group's reserving policies and the potential variability in the Group's reserve estimates.

The facts and circumstances leading to the Group's re-estimates of reserves relate to the development factors used to predict how losses are likely to develop from the end of a reporting period until all claims have been paid. Re-estimates occur because actual losses are likely to be different from those predicted by the estimated development factors used in prior reserve estimates. As at 30 June 2009, the impact of a reserve reestimation corresponding to a 1% increase or decrease in the claims reserves would be a decrease or increase of approximately EUR 17 million in result before tax.

Claims Reserves Development

The table below shows the development of claims reserves for the Group's general business line for the six months ended 30 June 2009 and the years ended 31 December 2008, 2007 and 2006. The table includes the Group's former health business for the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June	Year ended 31 December		
	2009	2008	2007	2006
	(EUR million)			
Balance at beginning of period	2,404	2,350	2,201	1,762
<i>Incurred:</i>				
Arising from current year claims	431	2,520	2,375	2,198
Arising from prior year claims	-2	-227	-445	-158
Arising from change in assumptions	0	-4	-4	1
Total incurred	430	2,289	1,926	2,041
<i>Paid related to:</i>				
Current year	-129	-1,394	-1,224	-1,130
Prior year	-253	-945	-774	-800
Total paid	-382	-2,339	-1,998	-1,930
Other movements	-9	-34	-1	11
Acquisitions	0	139	223	317
Changes due to discontinuing	-733	0	0	0
Balance at end of period	1,710	2,404	2,350	2,201

Claims reserves developments are mainly caused by claims incurred on the current accident year, which results in an increase of the reserves. Incurred claims comprise two components: (i) claims incurred in the accident year and (ii) adjustments on prior year claims estimates as a result of new information. Payments of claims will result in a decrease of the claims reserve.

Total incurred claims

Total incurred claims increased from EUR 2,041 million to EUR 2,289 million between the years ended 31 December 2006 and 2008, in particular due to the growth of the general insurance portfolio. In the six months ended 2009, total incurred claims decreased to EUR 430 million, due to the transferral of the health portfolio to CZ at the beginning of 2009. Prior year claims reserves movements for all periods are negative due to adjustments on prior year claim estimates as a result of new information. The increase in 2007 can also partly be attributed to a release of provisions due to a reassessment of product groups at the Group's Delta Lloyd brand general insurance business and the release of provisions as a result of changes in the Group's actuarial and provisioning models.

Total payments

Current year payments increased from EUR 1,130 million to EUR 1,394 million between the years ended 31 December 2006 and 2008. Prior year payments increased from EUR 800 million to EUR 945 million between the years ended 31 December 2006 and 31 December 2008. The increase in current and prior year payments during this period can be attributed to the growth of the general insurance portfolio.

Other movements

The largest movement in the 'other movements' line item was the change of EUR 34 million in the year ended 31 December 2008. This change was primarily due to one-off movements from the claims reserve to the unearned premiums reserve, as a result of a fund for claims payments being transferred from the claims reserve to the unearned premiums reserve.

Acquisitions

Generally speaking, movements in the overall level of general insurance claims reserves during the period covered by this review have been attributable to acquisitions (Swiss Life Belgium in 2008, Erasmus in 2007) and disposals (the sale of the Group's health business to CZ as of 1 January 2009, which is reflected in the changes due to discontinuation line item). The movement in the acquisition line item in 2006 can be attributed to the introduction of the "Basisstelsel" for health insurance, pursuant to which reserves are held at the insurance company (as opposed to the Dutch state), which in turn receives compensation from the Dutch state. This caused a one-off increase in reserves in 2006.

For further details on the Group's claims reserves development, see the discussion and related triangulation table labelled "Loss development table" in note 5.1.6.23 (23) "Insurance provisions" to the Group's financial statements included herein.

LIQUIDITY AND CAPITAL RESOURCES

The Company operates as a holding company for the subsidiaries conducting the Group's life insurance, general insurance, fund management and banking businesses. The Group's life insurance, general insurance and banking activities are subject to specific solvency and liquidity requirements. Prudential supervision of compliance with such requirements is exercised at a Group level and by the applicable risk management department at each of the principal subsidiaries in each regulated business line.

Working Capital

The Group believes that the working capital available to it is sufficient for its present requirements; that is, for at least twelve months following the date of this Prospectus.

Cash Flows

Liquidity is a measure of the Group's ability to generate sufficient cash flows to meet the short and long-term cash requirements of its business operations. The Group generally maintains a conservative liquidity position that exceeds liabilities payable on demand. The Group's primary sources of liquidity are its gross written premiums from the sale of life and general insurance, issuance of asset-backed securities from the Group's primary mortgage funding vehicle,

Amstelhuys, its deposit base from its banking business in Belgium, and income from its investment activities. Although Group investment income has declined significantly since 2007, the Group expects this source of liquidity to play a significant role in overall Group liquidity going forward.

In addition to cash flow from operations and access to Group credit lines, the Group's life insurance business has investments in liquid money market instruments as well as substantial investments in bonds and equity securities that can be liquidated if required. Consequently, the Group's life insurance business can meet claims or obligations of a comparable amount on very short notice.

Delta Lloyd Banking manages its liquidity position on the basis of a rolling liquidity gap and longer-term funding indicators. The liquidity gap concept is widely used by banks and measures liquidity in excess of minimum requirements over a specified time period, generally the next 90 days.

As a holding company, the Company's primary source of cash is dividends from its subsidiaries. However, the Company's ability to receive dividends from its subsidiaries is restricted as most of these subsidiaries are regulated and are subject to various legal requirements in respect of capital and dividend payments. In order to meet liquidity needs in light of any potential restrictions on its ability to receive dividends from its subsidiaries, the Group had total liquid assets at 30 June 2009 of EUR 1,538.0 million (in the form of cash and cash equivalents) and also had available undrawn funds under credit facilities of EUR 796.5 million.

The Group's total cash and cash equivalents as at 31 December 2006, 2007 and 2008 were EUR 1,100.1 million, EUR 957.9 million and EUR 2,551.4 million, respectively.

The Group's principal sources of funds are premiums from the life and, to a lesser extent, general insurance businesses and income from investment assets (including interest) and bank or other borrowings. Total bank debt outstanding of the Group as at 31 December 2006, 2007 and 2008 was EUR 405.9 million, EUR 916.7 million and EUR 1,625.9 million, respectively, while total bank debt as at 30 June 2009 was EUR 1,464.2 million. The increasing bank debt over the period reflects adverse developments in the securitisation market, as a result of which the Group's banking business was required to rely on more expensive funding sources, in particular bank borrowings.

The table below shows a condensed cash flow statement for the Group for the six months ended 30 June 2009 and 2008 and the years ended 31 December 2008, 2007 and 2006:

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
<i>(unaudited)</i>					
<i>(EUR million)</i>					
Cash flow from operating activities	-1,164.2	167.1	751.7	-1,010.4	-2,102.5
Interest paid	-438.8	-417.6	-848.6	-748.9	-491.9
Interest received	884.3	914.9	1,865.2	1,648.5	1,472.8
Dividends received	285.5	340.2	487.0	395.5	336.8
Corporation tax paid	-7.6	49.9	45.1	-194.3	-110.9
Net cash flow from operating activities (continuing)	-440.9	1,054.5	2,300.3	90.4	-895.7
Net cash flow from operating activities of discontinued operations	-499.3	204.7	406.6	-16.3	-31.1
Net cash flow from operating activities	-940.2	1,259.2	2,706.9	74.1	-926.8
New equity capital	—	—	-4.2	-306.7	—
Acquisition of associates	—	21.6	—	-1.8	-5.7
Disposal of associates	—	2.0	15.3	6.1	0.7
Acquisition of subs, including cash and cash equivalents acquired	—	-65.6	-65.6	-88.8	95.5
Disposal of subs, including cash and cash equivalents sold	-246.5	—	4.4	—	—
Purchases of property and equipment	21.4	-27.8	-81.5	-5.2	-38.1
Proceeds from property and equipment	—	—	12.7	2.2	2.1
Net cash flow from investing activities (continuing)	-225.1	-69.7	-118.9	-394.1	54.6
Net cash flow from investment activities of discontinued operations	—	-0.2	—	0.7	-0.7
Net cash flow from investing activities	-225.1	-69.9	-118.9	-393.5	53.9
Proceeds from borrowing	433.1	-0.6	527.7	1,749.7	2,455.3
Repayment of borrowing	-780.6	-436.6	-902.1	-1,293.0	-1,164.7
Dividends paid to shareholders	—	-266.0	-226.4	-173.9	-107.9
Dividends paid to minority shareholders	—	—	—	—	—
Net cash flow from financing activities (continuing)	-347.4	-663.2	-600.8	282.8	1,182.7
Net cash flow from financing activities of discontinued operations	—	—	-38.5	38.6	55.8
Net cash flow from financing activities	-347.4	-663.2	-639.3	321.4	1,238.5
Net (decrease)/increase in cash and cash equivalents	-1,013.4	321.6	1,580.6	-21.0	341.6
Net (decrease)/increase in cash and cash equivalents of discontinued operations	-499.3	204.5	368.0	22.9	24.0
Cash and cash equivalents at start of the period	2,551.4	957.9	970.8	991.8	650.2
Net (decrease)/increase in cash and cash equivalents	-1,013.4	321.6	1,580.6	-21.0	341.6
Cash and cash equivalent at the end of the period	1,538.0	1,279.5	2,551.4	970.8	991.7

	Six months ended 30 June		Year ended 31 December		
	2009	2008	2008	2007	2006
	<i>(unaudited)</i>				
	<i>(EUR million)</i>				
Cash and cash equivalents of discontinued operations at start of the period	449.3	144.2	131.3	108.4	84.3
Net (decrease)/increase in cash and bank overdrafts	-449.3	204.5	368.0	22.9	24.0
Cash and bank overdrafts from discontinued operations end of period	—	348.6	499.3	131.3	108.4
Total cash and bank overdrafts at end of period	1,538.0	1,628.1	3,050.8	1,102.1	1,100.1
Cash and bank overdrafts health business	—	333.6	499.3	131.3	—
Cash and bank overdrafts CUIL	—	15.0	—	12.9	—
Cash and bank overdrafts consolidated balance sheet	1,538.0	1,279.5	2,551.4	957.9	1,100.1

The Group generates substantial cash flow from operations. Positive operating cash flows, along with positive financing cash flows have historically met the liquidity requirements of the Group's insurance operations while the ability to issue securitised notes have historically met the liquidity requirements of the Group's Dutch banking business. For the Belgian banking business liquidity requirements are met through client deposits.

Net cash flow from operating activities for the first six months of 2009 was EUR -940.2 million compared with EUR 1,259.2 million for the corresponding period in 2008. The decrease was mainly related to higher loans and receivables and lower insurance contract liabilities and other liabilities. Net cash flow from operating activities for the year ended 31 December 2008 was EUR 2,706.9 million compared with EUR 74.1 million in 2007 and EUR -926.8 million in 2006. The increase in 2008 compared with 2007 was primarily a result of an impairment of financial assets, higher unrealised fair value gains on financial assets as well as investment property and higher insurance contract liabilities. The increase in 2007 compared with 2006 was primarily caused by higher unrealised fair value gains on financial assets and higher insurance contract liabilities and other liabilities.

Net cash flow from investing activities for the first six months of 2009 was EUR -225.1 million compared with EUR -69.9 million for the corresponding period in 2008. Net cash flow from investing activities for the year ended 31 December 2008 was EUR -118.9 million compared with EUR -393.5 million in 2007 and EUR 53.9 million in 2006. The increase in 2008 compared with 2007 was due to movements in new equity capital in 2007, offset by higher property and equipment purchases in 2008. The decrease in 2007 compared with 2006 was primarily due to movements in new equity capital and the purchase of subsidiaries with cash equivalents.

Net cash flow from financing activities for the first six months of 2009 was EUR -347.4 million compared with EUR -663.2 million for the corresponding period in 2008. Net cash flow from financing activities for the year ended 31 December 2008 was EUR -639.3 million compared with EUR 321.4 million in 2007 and EUR 1,238.5 million in 2006. The decrease in 2008 compared with 2007 was due to significantly higher borrowing proceeds in 2007 as a result of the issuance of notes by Amstelhuys. The decrease in 2007 compared with 2006 was primarily due to borrowing proceeds which were higher in 2006 than in 2007.

Capital Expenditure

The Group incurred aggregate capital expenditures of EUR 15.5 million in the six months ended 30 June 2009 and EUR 62.9 million, EUR 156.4 million and EUR 78.1 million in the years ended 31 December 2008, 2007 and 2006, respectively. The Group's principal capital expenditures in each of these periods are related to both tangible and intangible assets.

Free Surplus Generation

The potential surplus generation of the company is related to the ability of the Group to generate shareholder income and the development of the required capital. With the exception of the Group's life insurance businesses, the ability of the Group to generate shareholder income and the development of the required capital can be analysed on the basis of operational result and local regulatory capital requirements. Life insurance cash generation can be determined by presenting the initial investment from the sale of new contracts against the operational result and capital release of the existing block of business.

For further details on the capital requirements and developments of the Group's life insurance business, see "– Market-Consistent Embedded Value". For further details on the capital movements and operating result numbers, see "– Results of Operations for the Six Months Ended 30 June 2009 and 2008" and "– Results of Operations for the Years Ended 31 December 2008, 2007 and 2006".

The table below summarises the capital and surplus generation for the various reporting periods.

	Six months ended 30 June		Year ended 31 December	
	2009	2008	2008	2007
	<i>(unaudited)</i>			
	<i>(EUR million)</i>			
Life in-force	63	155	345	405
Life new business strain	-62	-98	-190	-105
General insurance result	48	47	119	209
Banking and fund management result	11	3	-4	26
Operational surplus generation	60	107	270	535
<i>Movement in capital requirement</i>				
Life in-force	91	105	183	159
Life new business strain	-84	-181	-306	-266
General insurance	-3	-7	-27	-2
Banking and fund management	-9	-60	-89	-1
Movement in capital requirement	-5	-144	-239	-111
Operational cash generated	55	-37	31	424
Life	588	-994	-2,410	136
General insurance result	-46	-21	-104	-12
Banking and fund management result	-6	8	-101	8
Investment return & other adjustments	536	-1,007	-2,615	132
Interest cost	-40	-14	-27	-27
Holding adjustment	24	-12	-51	15
Total investment return all entities	520	-1,032	-2,693	120
Total surplus generation	575	-1,069	-2,663	545

Life in-force profits are derived from the expected earnings from the in-force portfolio, including the operational variances and operational assumption changes, which affect the surplus. The changes in required capital for life in-force, resulting from the expected roll off of the in-force portfolio have also been reflected.

In years 2007 and 2008 the total required capital to support new business for the life company increased significantly, mainly due to the sales of large pension schemes. As a result of lower sales, the new business capital strain was lower in the first half of 2009 and a net release of required capital resulted for the life company of EUR 7 million.

In 2007 and 2008, the general insurance results were positively impacted by reserves releases, as a result of a new reserving policy, which is based on a 92.5% reserve adequacy level. The company continuously reviews the adequacy of the reserves on the bases of its updated reserving policy.

The total operational cash generated shows the increase in surplus over and above the capital required to run the business. In particular the table shows that in 2007 almost EUR 400 million of free distributable capital was generated, with significant contributions from the life and general insurance segments. In 2008 the contribution of the life division decreased significantly whereas the contribution of the general insurance division was lower, as reserve releases were reduced in 2008. As a result of more stringent requirements, the bank capital requirement was increased in 2008 by EUR 90 million; this effect is fully reflected in the table and the total operational cash generated was limited as a consequence.

In the first half year of 2009, life cash generation was limited as life in-force profits decreased in 2009 compared to 2008, due to the lower starting shareholders' net worth resulting from the economic and credit crisis. The general insurance division again contributed to the cash generation, as well as the fund management and bank divisions.

On top of the operational free surplus generated, the Group also faces the impact of non-operational items. It should be noted that investment return variances have been variable in recent years. This is largely due to policyholder participation which is (with the exception of Germany) based on outside indices, rather than on the performance of the assets. As a result, investment returns above or below the guaranteed rates are respectively for the benefit or expense of the shareholder.

The interest cost reflects the cost associated with its outstanding debts. Due to the increase in outstanding debts, the interest cost increased during the first half of 2009.

Other operational costs are the cost and benefits of the holding company and also contain the result of Amstelhuys (the mortgage vehicle) and the run-off results for the Health Contingent Liability.

Regulatory Capital Requirements

The Group is bound by European regulatory solvency requirements for insurance companies and insurance capital requirements, together referred to as "Solvency I". Within the Solvency I requirements, each insurance entity faces minimum capital requirements based on a prescribed formula. The minimum capital requirements are EUR 3 million per entity, but the Group's entities all exceed this amount.

Life insurance entities must generally hold capital equal to 1% of insurance liabilities for their operational and claims risk, 3% of insurance liabilities where the company bears the investment risk, and 0.3% of the difference between insured capital and insurance liabilities (the **net amount at risk**). Reinsured liabilities can be deducted from the minimum capital requirements, subject to thresholds of 50% of net amount at risk and 85% of reserves.

General insurance entities must generally hold capital equal to 16% of the average adjusted net premium income over the last three years. However, an 18% capital requirement applies to the first EUR 53.1 million of adjusted net premium income. The average adjusted net premium income is calculated as the ratio of net claims over the last three years to gross claims over the last three years (at a minimum of 50%) multiplied by the average of liability premium income and total premium income.

Bank capital requirements are based on the BIS Ratio. The table below shows the capital position of the Group's banking business line as at 30 June 2009 and as at 31 December 2008, 2007 and 2006:

	As at 30 June	As at 31 December		
	2009	2008	2007	2006
Core Tier 1 Ratio	10.3%	10.5%	8.7%	9.6%
BIS Ratio	11.1%	11.3%	11.2%	11.8%

The available capital of the Group is principally held within the operating divisions. The Group's holding company oversees the reallocation of capital and liquidity within the Group as required.

Available capital for each entity is primarily based on retained earnings from the operating divisions and revaluation reserves. Each entity regularly reviews its asset allocation according to the inherited risk profile and derives a risk budget which corresponds to its actual capital position.

During 2008 and 2009, the Group's holding company made capital injections to Swiss Life Belgium, Delta Lloyd Germany, Delta Lloyd Banking and Delta Lloyd Levensverzekering. The recent economic downturn has also resulted in additional capital movements within the Group. The capital of the Group's holding company is negative as a result of intercompany borrowings. Capital targets for each entity and the Group as a whole are set out as follows:

- Maintenance of regulatory solvency levels within a range of 160% and 175% of the level required by Solvency I;
- Application of Standard & Poor's AA capital ratio target to Delta Lloyd Levensverzekering (Dutch life insurance) and Delta Lloyd Schadeverzekering (Dutch general insurance);
- Application of the BIS Ratio of 12% to Delta Lloyd Banking; and
- Maintenance of economic capital requirement based on an economic capital framework at or above 110% of the required minimum level. Economic capital measurement is based on stress tests of both assets and liabilities according to a once in 200 scenario. The change in surplus resulting from these scenarios is set as the capital requirement for each underlying risk factor. The total required capital is based upon the individual risk related capital and the corresponding risk correlation matrix. The available capital is a function of the market value of the company, using risk neutral valuation techniques. See "Risk Management" for additional information on the economic capital methodology.

The table below provides an overview of the capital position for each entity on an IFRS basis as well as on a regulatory basis (as required under the Dutch Financial Supervision Act) as at 30 June 2009. The difference in these bases is the restriction on the use of a term structure published by the DNB, which only allows AAA based government rates to value liabilities. IFRS permits the Group to select the interest rate metric it considers most appropriate to replicate an asset portfolio to match its liabilities, and as of 1 January 2008 the Group's policy has led to application of the collateralised AAA bond curve as the reference rate for discounting its insurance liabilities under IFRS.

	IFRS			Dutch Financial Supervision Act		
	Solvency margin	Available capital	Required capital	Solvency margin	Available capital	Required capital
<i>(EUR million or percentage)</i>						
Delta Lloyd Levensverzekering	335%	2,615	780	216%	1,771	819
Delta Lloyd Herverzekerings-maatschappij N.V.	551%	18	3	551%	18	3
Levensverzekering Maatschappij Erasmus N.V.	266%	82	31	224%	71	32
Delta Lloyd Schadeverzekering	268%	398	149	268%	398	149
ABN AMRO Levensverzekering N.V.	388%	245	63	244%	154	63
ABN AMRO Schadeverzekering N.V.	402%	96	24	397%	95	24
OHRA Levensverzekeringen N.V.	245%	265	108	182%	201	110
OHRA Schadeverzekeringen N.V.	166%	46	27	166%	46	27
Delta Lloyd Life	319%	712	223	319%	712	223
Delta Lloyd Deutschland	163%	347	213	163%	347	213

The Group's holding company is not a regulated insurance entity, but is subject to regulations established pursuant to the Financial Conglomerates Directive. As a consequence, the holding company provides an overview to DNB of its capital position for the Group based on the Solvency I rules for insurance companies. As these rules differ from those governing the Group's banking business line, the Group separates the solvency capital from the Group's banking business line from the rest of the Group's capital. The chart below shows the solvency positions for the Group and the derivation thereof as at 30 June 2009:

	As at 30 June 2009
IFRS equity as at 30 June 2009	3,656
Subordinated debt	647
Goodwill	-333
Margin provision and other	579
Total available capital	4,549
Bank capital	-462
Insurance capital as at 30 June 2009	4,087
Curve adjustment	-1,015
Capital under the requirements of the Insurance Group Directive as at 30 June 2009	3,072

As at 30 June 2009, the total available capital for the Group using the collateralised AAA bond curve as a basis to value liabilities on an IFRS basis was EUR 4,087 million, or 252% of the minimum level required, and on a regulatory basis the total available capital for the Group was EUR 3,071 million, or 185% of the minimum level required.

The elements of capital which can be classified as additional available capital on top of the IFRS equity as at 30 June 2009 are:

- Subordinated debt:
 - Aviva (EUR 205.6 million)
 - Stichting Nuts Ohra Beheer (EUR 204.2 million)
 - Rabobank (EUR 237 million)
- Goodwill related to ABN AMRO Verzekeringen, Cyrté and Swiss Life Belgium
- Margin for provision:
 - LAT margins from life companies (EUR 290 million under IFRS, EUR 37.8 million under the Insurance Group Directive)
 - Non-Life Prudence margin of EUR 118 million
 - Revaluation reserves bank of EUR 155 million, which relates to the revaluation of assets to market value of the Group's banking business line
 - Other qualifying elements of EUR 16 million, which relate to conditional policyholder participations in Germany (RFB)

CRITICAL ACCOUNTING POLICIES

Long-Term Insurance Liabilities

The balance of profits, after providing appropriate returns for policyholders and meeting tax obligations, accrues for the benefit of the Shareholders. The bases for determining returns for policyholders are complex, but are consistent with methods and criteria followed generally in the Netherlands. Shareholders' profits are derived largely from the management fees of policies, whose benefits are generally determined by investment performance, subject to certain guarantees.

Material judgement is required in calculating the provisions and is exercised particularly through the choice of assumptions where discretion is permitted. In turn, the assumptions used

depend on the circumstances prevailing in each of the life operations. Provisions are most sensitive to assumptions regarding discount rates and mortality/morbidity rates.

On transition to IFRS, the valuation of most long-term insurance and participating investment contracts was changed from existing methods that generally used historic assumptions to an active basis using current market interest rates. A liability adequacy test is performed according to IFRS requirements. Where liabilities are based on current market interest rates and assets are valued at market value, the margin in the liability adequacy test is determined by comparison of the liabilities with the present value of best estimate cash flows plus an allowance for unhedgeable risks. The discount rate reflecting the time value of money is based on the optimal yield on risk-free assets. Up until mid-2008, the optimal risk free yield was provided by swap rates. For 2008 (including results for the six months ended 30 June 2008), the yield curve basis has been revised from swap rates to a curve based on the yields on European collateralised AAA bonds. At this time, significant distortions were observed in the swap curve due to the dislocated market conditions.

General Insurance and Health Liabilities

The notification and settlement of claims is subject to frequent delays. Furthermore, assessing outstanding liabilities requires a substantial measure of experience and judgement. The ultimate cost of such liabilities therefore cannot be known with certainty at the balance sheet date. The reserves for general insurance and health are based on information currently available. It is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Provisions for outstanding claims are established to cover the outstanding expected ultimate liability for losses and loss adjustment expenses (**LAE**), with respect to all claims that have already occurred. The provisions cover reported claims, associated LAE, and claims incurred but not yet reported and associated LAE. Outstanding claims provisions of future claim payments are based on undiscounted estimates, except for the income and absenteeism class of claims for which discounted provisions are held.

Outstanding claims provisions are estimated based on facts known at the date of estimation. Case estimates are generally set by skilled claims experts, who apply their experience and knowledge to the circumstances of individual claims. The ultimate cost of outstanding claims is then estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that the Group's past claims development experience can be used to project future claims development, and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident period, although underwriting or notification period is also used where this is considered appropriate.

Liability for Investment Contracts

Contracts that do not transfer significant insurance risk from the contract holder to the issuer are referred to as investment contracts, and are therefore treated as financial instruments under IFRS.

Many investment contracts contain a discretionary participation feature in which the contract holder has a contractual right to receive additional benefits as a supplement to guaranteed benefits. These are referred to as participating contracts, and are measured according to the methodology and Group practice for long-term business liabilities as described above and disclosed as investment contracts. Participating contracts at Delta Lloyd Life recognise the discretionary participation feature separately from the guaranteed element. In accordance with Belgian insurance legislation, that discretionary participation feature is classified as a liability, out of which the participation feature is allocated to the individual insurance contracts in the following year. The balance is referred to as unallocated distributable surplus.

Investment contracts that do not contain a discretionary participation feature are referred to as non-participating contracts, and the liability is measured at either fair value or amortised cost. Most non-participating investment contracts measured at fair value are unit-linked in structure and the fair value liability is equal to the unit reserve plus additional non-unit reserves, if required on a fair value basis. For non-participating investments contracts, a deferred acquisition cost asset recognises transaction costs, and deferred income reserve liability recognises front-end fees. These recognitions relate to the provision of investment management services, and are amortised on a systematic basis over the contract term. The carrying value of contract liabilities measured at amortised cost is not materially different from the fair value. Due to the discretionary nature of investment contracts with discretionary participation features, it is difficult to reliably estimate their fair value. The level of the discretionary payment is decided by the Group, subject to the terms and conditions stipulated in the investment contract.

The technical provision for life and general insurance contracts is determined according to prevailing accounting policies and assumptions. Changes in the accounting policies and assumptions will directly affect the technical provision and the result. The accounting policies and assumptions used to determine the technical provisions for insurance and investment contract business were changed in 2008, and the details of the effect are provided in note 26 of the Group's financial statements for the year ended 31 December 2008.

Pension Obligations

The Group operates a number of defined benefit and defined contribution plans, whose assets are generally held in separated investment funds. The pension plans are generally funded by payments from employees and by the relevant subsidiaries, while recognising the recommendations of qualified actuaries.

For defined benefit plans, the pension costs and obligations are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees, in accordance with actuarial calculations. Additionally, the interest cost and the expected return on plan assets are included in the pension cost. 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. Plan assets at fair value are deducted from pension obligations. The resulting pension plan surplus or deficit appears as an asset or obligation in the consolidated balance sheet, which reflects the extent to which repayments can be expected. Plan assets are assets held by a fund that is legally separated from the Group, with the exception of non-transferable financial instruments issued by the Group. These plan assets may only be used to pay employee benefits; they may not be used to meet any other obligations of the Group. In the Netherlands, the principal pension plan recognises actuarial gains and losses directly in the income statement.

For defined contribution plans, the Group pays contributions to collectively- or individually-administered pension plans. Once the contributions have been paid, the Group, as the employer, has no further payment obligations. The Group's contributions are charged to the income statement.

In the Netherlands the Delta Lloyd pension fund has reinsured its pension obligations with Delta Lloyd Levensverzekering, a subsidiary, and consequently the related investments do not qualify as plan assets. To avoid an overstatement of the assets and the liabilities, the insurance liabilities and the associated cash flows are eliminated.

Financial Investments

The Group classifies its investments into one of three categories: financial assets at fair value through profit or loss (**FV**), available-for-sale financial assets (**AFS**), or loans and receivables (see accounting policy V). The classification of the investments depends on the purpose for which the investments were acquired, and is determined by the Group at initial recognition. In general, the FV category is used where this eliminates an accounting mismatch, which can occur when the insurance liability is measured using market-based interest rates. Several

securitised mortgages, the derivatives and related liabilities are managed on the basis of fair value. The Group also evaluates their performance on the basis of fair value, in line with its risk strategy. The relevant assets are also classified as FV, whose fair value is determined on the basis of the current swap curve with the probability of early repayment set at 7%.

The category “at fair value through profit or loss (FV)” has two sub-categories: those that meet the definition of being “held for trading”, and those the Group chooses to designate as FV at initial recognition (referred to in this accounting policy as “other than trading”). A number of investments held by the entities in Delta Lloyd Banking are classified in the “held for trading” sub-category, as well as the derivatives.

Purchases and sales of investments are recognised at fair value plus transaction costs when the trade occurs; i.e., on the date that the Group commits to purchase or sell the assets. In the case of purchases, the fair value includes transaction costs. In case of sales, the fair value deducts transaction costs. Debt securities and other fixed income investments are initially measured at fair value including transactions costs. To allocate the interest amounts in the income statement, the amortised cost is set annually. Subsequently, the difference between the initial value and future repayment is charged or credited to the income statement in amortisation, using the effective interest rate method. The initial amortised cost is calculated as the fair value including transactions costs.

Investments classified as FV (both “held for trading” and “other than trading”) and as AFS are subsequently carried at fair value. Changes in the fair value of “held for trading” and “other than trading” investments are included in the income statement in the period in which they arise. Changes in the fair value of securities classified as AFS, except for impairment losses and relevant foreign exchange gains and losses, are recorded in a specific investment valuation reserve within equity.

The fair values of investments are based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios defined to reflect the specific circumstances of the issuer. Preference shares are measured using the discounted cash flow method. The discount rate applied is the market interest rate based on the ten-year government bond yield; where necessary, this rate is increased by a bad debt risk margin. When securities classified as AFS are sold or impaired, the accumulated fair value adjustments are transferred out of the investment valuation reserve to the income statement.

Impairment of Financial Assets Carried at Fair Value

The Group assesses at each reporting date whether objective evidence exists that an AFS financial asset is impaired. In the case of equity instruments classified as AFS, objective evidence is 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.

If the impairment proves to be structural, the Group may decide to recognise impairment even if the period is less than six months.

For debt securities available for sale, the following lists the rules for impairment. Government bonds are only written down if it is certain that they will not be redeemed. Corporate bonds are only written down if it is certain that they will not 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 the 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 AFS increases and the increase can be objectively related to an event occurring after the recognition of the impairment loss, the impairment is reversed through the income statement. Impairment losses on equity securities cannot subsequently be reversed via the income statement.

Financial assets that are carried at fair value with changes in the fair value recognised in the profit or loss are not subject to impairment testing. The fair value of these assets already reflects possible impairments.

Impairment of Financial Assets Carried at Amortised Cost

A financial asset or a group of financial assets is considered to be impaired when there is objective evidence of impairment as a result of events occurring after the date of the initial recognition (a **loss event**), and when that event has an impact on the estimated future cash flows. Objective evidence of impairment includes observable data that comes to the attention of the Group 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; and
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the Group; and
 - national or economic conditions that correlate with defaults on the assets in the Group.

The Group first assesses individually-significant financial assets for objective evidence of impairments. If the Group determines that no objective evidence of impairment exists for an individually-assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment. Individually-assessed assets for which an impairment loss is recognised are not included in a subsequent 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 future estimated 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 added to the income statement.

Share-Based and Performance-Related Compensation Plans

The Group has operated a phantom option plan (the **Phantom Option Plan**) since 2004. Under this plan, phantom options are annually granted on a conditional basis to certain staff members and the management of the Group. An initial payment is not required. A phantom option entitles the holder to receive in cash the increase in value of a "performance unit" measured from the date of grant until the date of exercise. Subject to the fulfilment of the set performance criteria, the phantom options will vest at the end of the performance period. The vesting date is exactly three years after the date of grant of the options. The performance unit is the "basis" of the phantom option. The exercise period is five years from the vesting date.

The number of options granted that will vest depends on the relative growth of the performance unit, whose value is determined by the development of the embedded value of the Group relative to a predefined peer group.

A provision is included for the costs that are expected to be incurred in relation to this plan. This provision is determined by calculating the number of issued options multiplied by the expected probability of vesting and the expected exercise price. Staff turnover is also taken into

account. The provision is formed during a period of three years and is charged to income, assuming a discount rate of 4% and an expected increase in the phantom option price of 7%.

CONTRACTUAL OBLIGATIONS

The table below summarises contractual obligations and commercial commitments for the Group and the effect those obligations and commitments are expected to have on Group liquidity and cash flow in future periods, as at 30 June 2009:

	As at 30 June 2009
	(EUR million)
Long-term debt facilities	797
Other liabilities	159
Other contractual obligations	66
Rental commitments < 1 year	11
Rental commitments 1 year < 5 years	33
Rental commitments > 5 years	13
Operational lease commitments < 1 year	12
Operational lease commitments 1 year < 5 years	41
Operational lease commitments > 5 years	0
Total	1,130

There are no subleases to third parties. Contingent liabilities include irrevocable facilities in an amount of EUR 796.5 million (2008: EUR 529.3 million), mainly caused by an increase of credit facilities in Belgium. The Group will take over IT infrastructure services from IBM on 1 July 2009. The Company stands surety for the capital adequacy in Delta Lloyd Lebensversicherung if this deteriorates as a result of required profit sharing.

OFF-BALANCE SHEET ITEMS

The Group has various contractual commitments in respect of investment assets, property and equipment, operating lease commitments and tangible assets that are not recognised in the balance sheet. The Group's primary off balance sheet commitments are the irrevocable facilities referred to above under "Contractual Obligations" in an amount of EUR 796.5 million as at 30 June 2009. The capital adequacy guarantee in favour of Delta Lloyd Lebensversicherung, also referred to above, is another potentially significant off balance sheet item.

Guarantees and options are issued by various Group subsidiaries as a normal part of their operating activities, in respect of certain life insurance and fund management products. The Company and several Group subsidiaries have also guaranteed the overdrafts and borrowings of certain Group members. 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 to third parties. The Group does not believe any material loss will arise in respect of these guarantees, indemnities and warranties.

The table below sets out the Company's consolidated capitalisation as at 30 June 2009. This table should be read in conjunction with the Group's consolidated financial statements and the notes thereto included elsewhere in this Prospectus.

The Company will not receive any proceeds from the sale of the Offer Shares and Additional Shares (if any). The proceeds of the Offering will be received by the Selling Shareholder and will therefore not affect the Company's capitalisation.

While there have been changes to the components of the Company's capitalisation arising in the ordinary course of business there has otherwise been no material change to the Company's capitalisation since 30 June 2009 to date.

In the context of the Offering the Company will restructure its preference share capital and subordinated debt and certain warrants will be exercised. The table below shows the actual capitalisation as at 30 June 2009 as well as what the capitalisation would have been had this restructuring already been completed on such date, assuming an Offer Price at the mid-point of the Offer Price Range.

As at 30 June 2009		
	Actual	After giving effect to the restructuring
(EUR million)		
Total current debt	0	0
Guaranteed	0	0
Secured	0	0
Unguaranteed/unsecured	0	0
Total non-current debt (excluding current portion of long-term debt)	909.8	699.9
Guaranteed	0	0
Secured	0	0
Unguaranteed/unsecured		
- Aviva subordinated debt ⁽¹⁾	205.6	0
- Fonds NutsOhra – subordinated debt ⁽²⁾	173.2	176.6
- Fonds NutsOhra – subordinated debt ⁽³⁾	21.7	0
- Fonds NutsOhra – Preference Shares A ⁽⁴⁾	9.3	2.6
- Rabobank – subordinated debt ⁽⁵⁾	500.0	500.0
Shareholders' equity	3,656.0	3,846.2
Share capital	107.1	33.1
- Ordinary Shares ⁽⁶⁾	29.9	33.1
- Preference shares B ⁽⁷⁾	77.1	0
Ordinary Share premium reserve	91.8	356.0
Other reserves	3,457.1	3,457.1

(1) This subordinated debt, nominal value EUR 250 million, is owed by the Company to the Selling Shareholder. After the Selling Shareholder exercises its warrant, this subordinated debt will convert into Ordinary Shares. See "Major Shareholders and Related Party Transactions – Related Party Transactions". As a result, the nominal Ordinary Share capital will increase by approximately EUR 2.5 million and the Ordinary Share premium reserve by EUR 203.1 million.

(2) This subordinated debt has a nominal value of EUR 489.8 million, to be increased to EUR 496.5 million (or EUR 176.6 million book value) after the repurchase of Preference Shares A as mentioned in note (4) below.

(3) After Fonds NutsOhra exercises its warrant, this subordinated debt will convert into Ordinary Shares. See "Major Shareholders and Related Party Transactions – Related Party Transactions". As a result, the nominal Ordinary Share capital will increase by EUR 213,758 and the Ordinary Share premium reserve by EUR 21.5 million.

(4) Of this amount, approximately EUR 6.7 million will be repurchased and cancelled by the Company, and the amount will then be added to the subordinated debt as mentioned in note (2) above.

(5) Consists of EUR 400,000,000 10.44% lower tier 2 notes due 2019 issued by Delta Lloyd Levensverzekering and EUR 100,000,000 10.44% lower tier 2 notes due 2019 issued by Delta Lloyd Schadeverzekering. All notes are issued to Rabobank Nederland B.V.

(6) The exercise of the warrants (as mentioned in notes (1) and (3)) will cause the nominal Ordinary Share capital in issue to increase by approximately EUR 2.7 million. The conversion of the preference shares B will increase the amount by another EUR 0.5 million, assuming an Offer Price at the mid-point of the Offer Price Range.

(7) Consists of 1,542,853 preference shares B with a nominal value of EUR 50 each, which will convert into Ordinary Shares in the context of the Offering. On conversion, the difference between EUR 40 million and the aggregate nominal Ordinary Share capital (an amount of EUR 39.5 million assuming an Offer Price at the mid-point of the Offer Price Range) will be added to the Ordinary Share premium reserve.

RESTRUCTURING OF PREFERENCE SHARES A AND PREFERENCE SHARES B

The Company, Aviva, the Selling Shareholder and Fonds NutsOhra have agreed to restructure the preference share capital of the Company. The restructuring will be completed prior to the First Trading Date.

In this restructuring, the Company will repurchase before the First Trading Date 6,708,061 Preference Shares A held by Fonds NutsOhra for their nominal value (EUR 6,708,061) plus any accrued and not yet paid dividend. The purchase price amount will be added to the principal amount of a subordinated loan provided to the Company on 22 December 1999 by Fonds NutsOhra. See “Major Shareholders and Related Party Transactions – Related Party Transactions”. The Company will then cancel the repurchased Preference Shares A on expiry of the statutory waiting period of two months applicable to the cancellation of shares. After the cancellation, Fonds NutsOhra will continue to hold the remaining 2,604,299 Preference Shares A that are outstanding, until it decides to convert them 1:1 into Ordinary Shares (which it has agreed it will not do during the first three years after the Offering).

Before the First Trading Date, the Company will also repurchase the 1,542,853 preference shares B with a nominal value of EUR 50 each, held by Aviva through the Selling Shareholder. These will be repurchased for an agreed amount of EUR 40 million. The Company will then convert the preference share B into Ordinary Shares, and sell to the Selling Shareholder as many Ordinary Shares as results from dividing EUR 40 million by the Offer Price. Any remaining Ordinary Shares held by the Company in its own capital will be cancelled on expiry of the statutory waiting period of two months applicable to the cancellation of shares.

Accordingly, following this restructuring, the issued share capital of the Company will consist of Ordinary Shares and Preference Shares A only.

INTRODUCTION

The Group has developed and implemented a risk management structure to protect it against events that undermine sustainable performance, solvency or the achievement of strategic objectives. The risk management system is fully embedded in the Group's daily operations. By identifying, analysing, measuring, controlling, managing and auditing risks that may arise in the course of its operations in a timely manner, the Group intends to maintain its ratings, meet its obligations towards its creditors (including customers) and comply with applicable legislative and regulatory requirements.

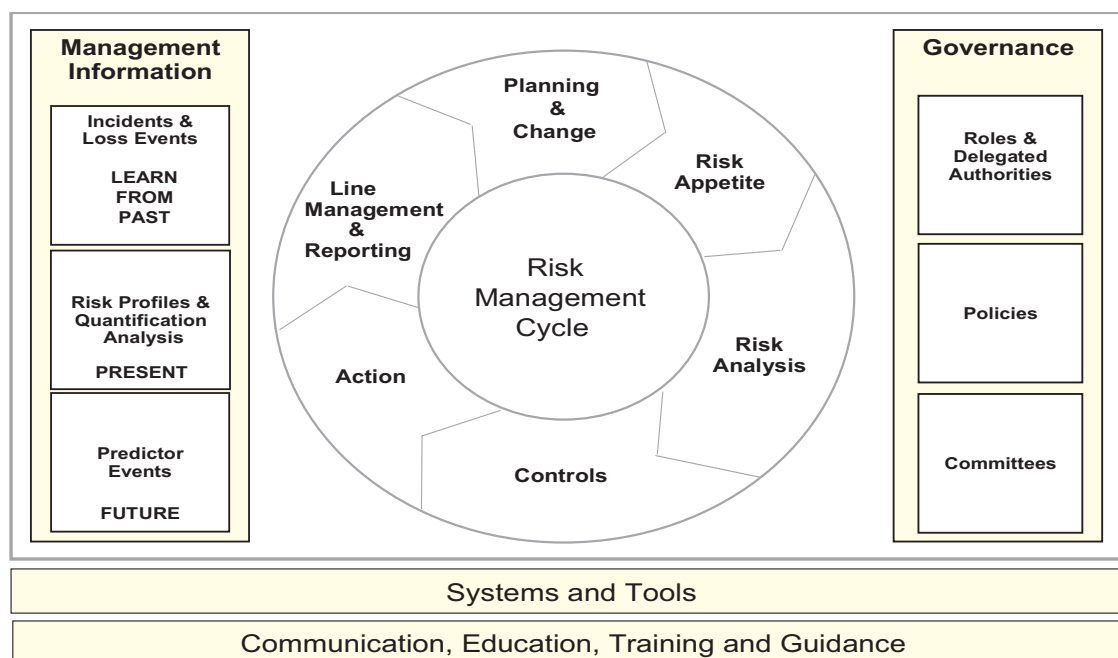
The Group's approach to risk management is based on the following elements:

- *The Group's risk management framework:* This framework takes into account all relevant elements of risk management, including a risk management cycle and the interrelationship between governance and management information.
- *The Group's risk management structure:* This structure is designed to have a "three lines of defence" governance framework outlining the responsibilities and guidelines for the Group's management structure.
- *The Group's internal governance system:* Each division has a dedicated audit committee supervising the effectiveness of the business control systems within the responsibility of the respective business units.
- *The Group's policy set:* This set contains a number of mandatory policies that are used to establish, define and evaluate risk tolerance levels and risk control.
- *The Group's commitment to compliance with the Dutch corporate governance code:* see "Corporate Governance".

RISK MANAGEMENT FRAMEWORK

The risk management framework of the Group is based on the Enterprise Risk Management model of the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The framework assists the Group in understanding, quantifying and managing the risks it is exposed to. Management information and governance are related to each other in the cycle shown in the diagram below.

Risk management framework



Risk Management Cycle

An effective risk management process is a cycle in which each step is used for the next step. The Group performs risk assessments to decide what level of risk it is prepared to accept (Risk Appetite), to assess the risks in terms of probability and impact, and to decide on the measures to be taken. During Line Management & Reporting stage of the cycle management reports are delivered and used for decision-making which are followed up in the Planning & Change stage. The changed business then requires a new risk appetite assessment and the cycle starts again.

Management Information

- *Incidents & Loss Events:* Identification of the cause of events or a near incident or loss event helps identify operational weaknesses and the triggers that cause them. The Group maintains a loss database that supports more informed and accurate decision making and provides information for capital modelling purposes. Lessons learned from the information captured in the database may relate to both internal incidents (such as fraud cases, accounting near misses, or frequent problems with IT systems) as well as external incidents.
- *Risk Profiles & Quantitative Analysis:* Risk profiles are compiled to show the residual risk and the design and operating effectiveness of the key risk controls. Key risk controls are the most important controls used to control the indicated risks. Examples of key controls are segregation of duties, no simple individual decision-making, day-to-day monitoring of assets, assigned ownerships, clear defined roles, codes of conduct, budgeting, confirmations, reconciliations of information from various sources, service level agreements and written policies. Risk and economic capital models for calculating the regulatory financial resources are used to support capital management.
- *Predictor Events:* These events are identified based on information in regular management reports and provide a way of monitoring changes in the Group's risk exposure and preventing a breakdown of control.

Governance

- *Roles & Delegated Authorities:* A key part of the Group's governance framework is a selected group of individuals who have certain roles and responsibilities within that framework. Delegated authorities make decisions within defined limits. Decisions outside a given authority are referred to a higher body.
- *Policies:* The Group has a number of policies governing the management and control of both financial and non-financial risks. The policy set includes policies on all main risk categories as described in "– Risk Management Taxonomy".
- *Committees:* A number of committees have been established; see "– Risk Management Committees and Responsibilities".

Systems and Tools

The Group uses a number of systems and tools to support its risk management cycle, such as interfaces to systems in the business that generate management information and data for specific risk management systems.

Communication, Education, Training and Guidance

Communication includes a consistent information flow and understanding and awareness of risk management. The Group organises workshops on specific risk management subjects to improve its understanding of risk management and current developments such as preparation for Solvency II.

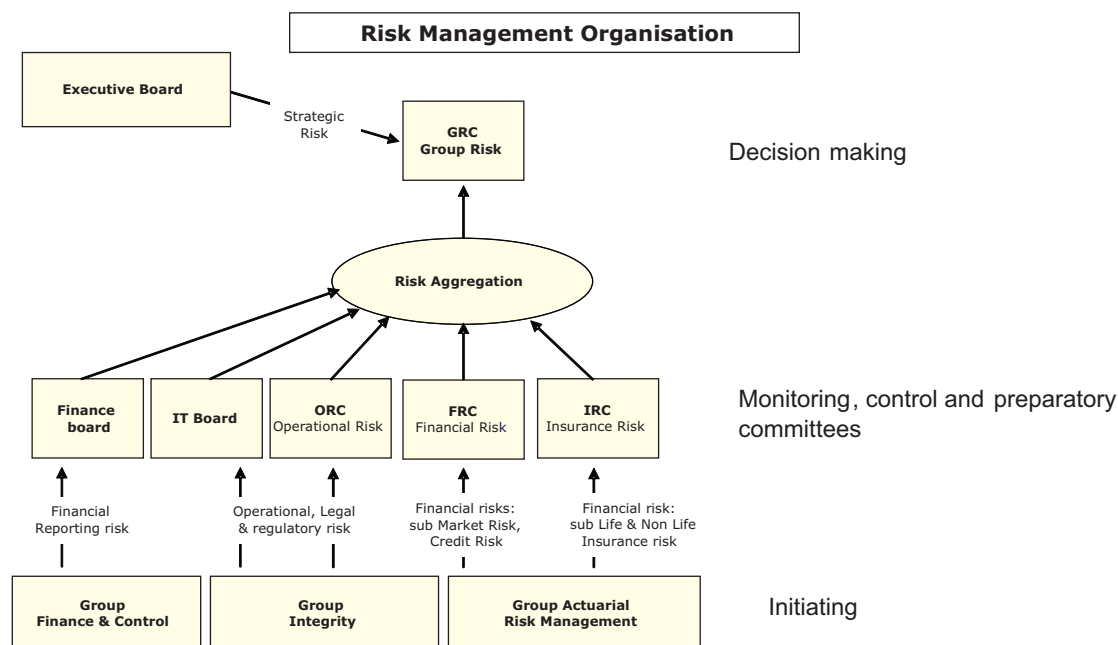
RISK MANAGEMENT COMMITTEES AND RESPONSIBILITIES

The Group's risk management is designed to have "three lines of defence":

- *First line – Risk management strategy at each business unit:* This includes implementing policies, day-to-day responsibilities and reporting and managing information. This line of defence is executed by the Executive Board and the management teams of each division.
- *Second line – Risk management and compliance organisation:* This line focuses on the coordination and development of policies, the reporting structures and the monitoring of compliance with statutory and internal rules. This line of defence is executed by the risk management and compliance departments/officers in each division, Group Finance & Control, Group Actuarial & Risk Management and Group Integrity and the Group's risk management committees.
- *Third line – Internal audit function:* The Group performs regular internal auditing of key controls and is supervised by external supervisory authorities such as the AFM, DNB, NMa and the Dutch Data Protection Authority (*College bescherming persoonsgegevens*) in the Netherlands, CBFA and NBB in Belgium, and BaFin in Germany.

Risk Management Organisation

The Group's risk management is organised as follows:



The Group Risk Committee is responsible for decision-making with respect to the overall risk profile of the Group on a consolidated group level. The Group Risk Committee involves key executives of the Group, including the chairman of the Executive Board, the chief financial officer of the Company, and directors of Group Actuarial & Risk Management (GARM), Group Integrity, Delta Lloyd Asset Management and Delta Lloyd Levensverzekering. The risk analysis of the Group Risk Committee is focussed on a consolidated group position.

The various risk management committees of the Group, including the Group Risk Committee, the Operational Risk Committee, Financial Risk Committee and the Insurance Risk Committee, analyse and monitor risks within their areas of expertise and prepare reports and advice to facilitate the decision-making at the Group Risk Committee and Executive Board level.

The management of each business unit within the Group is responsible for identifying, assessing and controlling the risks within the scope of its business unit.

Group Integrity is responsible for the policy on operational, legal and regulatory risks (including security) and oversees the consistency of the risk management framework throughout the Group. The integrity framework is comprised of control, monitoring and reporting activities and aims to prevent, among other things, serious frauds, bypassing of rules and employee and management misconduct.

GARM is responsible for the policy on financial risks, and monitors and oversees the effectiveness of financial risk management. Group Finance & Control is responsible for financial management and reporting and provides guidance and instructions to the business units.

The Group's tax department is responsible for management, monitoring and reporting of the corporate tax position. In addition, this department is responsible for compliance with fiscal laws and regulations.

The Finance Board and the IT Board are responsible for risk management of finance and IT related matters.

The Group's internal audit department reports to the Executive Board and the audit committee established by the Supervisory Board (the **Audit Committee**) and is responsible for internal audit of the effectiveness of the internal control systems within the Group.

RISK MANAGEMENT AND CONTROL SYSTEMS FOR KEY AREAS OF RISK

Specific risk management and control systems have been set up for key areas of risk:

- The management of each of the Group's business units assesses and manages its risk and controls on a regular basis and updates its risk profile on a quarterly basis. These updates cover control of inherent risks, effectiveness of existing controls and provide an estimate of the impact and probability of residual risks. An important objective is to limit any residual risk to ensure that it is within risk tolerance levels.
 - In view of the importance of financial risk management to the Group, a financial risk report is prepared by GARM and discussed in the Group Risk Committee on a quarterly basis. This report covers factors such as recent developments in the financial markets and their impact on the Group's capital position. In order to assess financial risk when compiling its report, the Group makes use of a risk-based capital model known as economic capital that aids in allocating risk and capital budgets to the various business units. If necessary, economic capital allocations of the reports can be updated at any time based on sensitivities which are available for all significant exposures of the Group. Risk reports are prepared by GARM on a quarterly basis and cover interest rate, equity, property and credit risk. Risk exposures (including hedges) are reviewed to assess if they are still in line with the Group's risk appetite. If necessary, the hedging programme and/or asset allocation are adjusted. Collateral management takes place on a daily basis. The Group's banking operations annually make their own risk assessment, known as Internal Capital Adequacy Assessment Process (**ICAAP**), in conformity with Basel II, the revised capital adequacy framework developed for the banking sector by the Basel Committee on Banking Supervision of the Bank for International Settlements (the **Basel Committee**). ICAAP tests whether current capital positions are adequate for the financial risks that the Group bears.
 - The Group's banking, asset management and insurance divisions use a set of key risk indicators based on the Basel II framework to assess the Group's operational risk. In addition, the Group has set up an operational loss data registration system, that records all losses above EUR 50,000.
 - The Group is in the process of implementing processes and procedures aimed at enabling Aviva to certify its compliance with the US Sarbanes-Oxley Act of 2002 (**SOx**) in respect of the year 2009 onwards.
 - Business units with large corporate customers apply a risk analysis and a risk control method that is subject to verification by external auditors. Such units issue a statement regarding their internal controls (i.e. SAS 70 type II statements by the American Institute of Certified Public Accountants standard for auditing service organisations).
 - The Group's legal department and Group Integrity guide legal and regulatory risk management. Group Integrity is also responsible for the compliance network of the Group.
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RISK MANAGEMENT TAXONOMY

To support internal and external communication with respect to risk management, the Group uses the following main conceptual categories of risks:

- *Financial risk:* Financial risk includes capital management risks, underwriting risks, claims management risk and product risks. Within capital management risk, the Group recognises typical financial risks such as market risk, credit risks, equity risks, interest rate risks, property risks and reinsurance risks.
- *Strategic risk:* Strategic risk is the risk of not meeting targets as a result of the Group's business units not responding or not responding adequately to changes in the business environment and risks related to matters such as mergers and acquisitions, brand and reputation, risk management, audit, corporate social responsibility, environment, customers and communication.
- *Legal and regulatory risk:* Legal and regulatory risk is the risk of not complying with laws, regulations and the Group's policies and procedures, e.g. risks related to legal (litigation), compliance and tax.
- *Operational risk:* Operational risk is the risk losses that may occur from the inadequacy or malfunctioning of internal processes or systems, human error, criminal behaviour or external events and risks related to matters such as fraud and crime prevention, personnel, IT/infrastructure, business protection, projects and programmes, business processes, third parties and distribution.
- *Financial reporting risk:* Financial reporting risks are risks that inherently have a "reasonably possible" likelihood of causing a material error in the Group's financial statements ("reasonably possible" is a term from SOx and means more than remote) and the provisioning risks, for instance the assumptions used in establishing the provisions and the adequacy of provisions.

THE GROUP'S RISK PROFILE MANAGEMENT

The Group's insurance operations use the economic capital method, under which a stress test analysis is performed to determine the impact of an extreme scenario on the market value of the Group's equity for each type of financial and insurance risk. Since it is unlikely that multiple extreme scenarios would occur simultaneously, the test results are consolidated using correlations, to determine Group exposures after accounting for the mitigating effects of diversification. The sum of the total diversified test result is the economic capital requirement. Calculations are performed with a confidence level of 99.5% on a one-year horizon (the probability of not meeting the capital requirements is only once every 200 years).

The economic capital model is a method used internally to quantify all significant risks on a consistent and realistic basis. It is likely that the Group will continue to use this model when the new Solvency II regulations become effective. The Group performs its economic capital analysis on an annual basis.

The Group's risk management seeks to maintain capital of at least 110% of the diversified total economic capital requirement. The Group's solvency was 129% of the diversified economic capital requirement at year-end 2008.

The table below shows the stress test per risk category and the percentage (exposure) of the pre-diversification total economic capital required to withstand the stress scenario on year-end 2008. The Group's assessment of the economic capital required is based on the Group's collateralised AAA bond curve.

Economic capital year-end 2008 pre-diversification capital requirements per risk category

Risk Category	Stress test/stochastic scenario analysis	Exposure
Credit risk	In the stress test, the risk of a downgrade in rating or a default is calculated. This is calculated using a transition matrix with probabilities of falling from one rating to another. The risk of a credit spread widening is also calculated in this test. This credit spread widening also depends on the actual rating of the bond. This test assumes an increase of spreads causing a fall in asset values. Part of this increase in credit spreads is attributed to an increase in the underlying liquidity premium which will increase the discount rate on liabilities where a liquidity premium is assumed. The calibrated test uses conditional risk factors based on actual results in the last three years. The default risk of reinsurers is tested in the credit risk and calculates the risk that reinsurers actually default within one year taking account of the rating of the reinsurer.	27%
Equity risk	Equity prices fall by 25%. This test is based on a decline of all equity prices by 25%, which reduces the value of the equity portfolio and the available capital and may increase the value of put options included in the portfolio. In addition, it affects the equity held in investment funds. The volatility in equity prices is also taken into account.	16%
Property risk	Property prices fall by 24%. This test is based on a fall of all property prices by 24%. This reduces the value of the real estate portfolio and available capital. It also affects the property held in investment funds.	12%
Expense risk	Expenses higher than expected (business volume, inflation). This test is based on an increase in expenses. With regard to the short-term general insurance business, this test consists of a one year expense stress of a 20% increase. For the long-term life business, all expenses related to run-off of the policies is stressed with a 25% increase. These future expenses are discounted to a net present value.	10%
Longevity risk	Annuitant mortality improves. Improved annuitant mortality rates directly leads to an increase in the provisions for annuities.	7%
Interest risk	Fixed interest rates up/slope up, up/slope down, down/slope up, down/slope down The test assumes a shift of the risk-free interest rate curve. A shift in the curve immediately leads to a change in value of fixed income securities, but also to a changed value of the technical provisions. Interest rate swaps and swaptions are also taken into account in the calculation of the overall effect. At group level it is determined which shift actually leads to the highest capital requirement and thus is taken into account in the overall capital requirement. Further, the volatility in interest rates is taken into account.	7%
Lapse risk	Lapse rates move adversely (more than foreseen in the plans). The test assumes an increase in the lapse rate, which increases the technical provisions. This only affects the Life business due to the permanent character of life contracts. General insurance contracts are short-term contracts (mostly one year).	4%
Operational risk	Scenario analyses/events based on the Group's risk profile: three points estimates of possible impact. This looks at all other risks the Group is facing that are not already taken into account in other tests. For each of these risks an assessment is done whether the risk is extremely remote/remote/possible/likely to occur. Also an assessment is done whether the impact is catastrophic/critical/significant/ important when the risk actually occurs. These assumptions are translated in probabilities and losses. Together they combine to an overall operational risk capital.	4%
Net reserves deterioration	Net general insurance reserves deterioration at business unit level. This test calculates the risk that the best estimate claims provision increase and is only applicable for the general insurance business. In this test a loss development table per line of business is developed using a development factor method, which gives an expected ultimate loss. Using a simulation technique, a stress percentage is calculated which is multiplied by the best estimate claims provision to determine the stress result. Since this stress at one line of business is not likely to occur simultaneously at another line of business, the test results are combined using correlations.	4%

Risk Category	Stress test/stochastic scenario analysis	Exposure
Closure to new business	This test assumes the Group will be closed to new business at the end of the year and all liabilities fall in run-off. All additional expenses related to this closure is taken into account in this test. Expenses include contracting external staff, communicating the closure to relations, breach of contracts, an additional increase in lapses, etc. These expenses can be offset by the possible earnings from selling customer lists.	3%
Assured lives	Assured lives' mortality increases. This test is based on increased mortality rates. This leads to higher technical provisions since payments on traditional life insurance policies are expected earlier.	3%
Claims ratio volatility	Claims volatility (greater claims costs than expected, lower premium rate than planned, detrimental change in business mix, change in business volume). Calculating the risk of lower premium than expected and higher claims than expected over the next year, per line of business using a stochastic simulation model. Since this stress on one line of business is not likely to occur simultaneously on another line of business, the test results of the lines of businesses are combined with the use of correlations.	2%
Catastrophe risk	Catastrophe scenarios are simulated and take into account reinsurance but also possible default of reinsurers and reinstatement premiums. This test calculates the risk of a catastrophic event using a stochastic simulation model and also the event's impact on the general insurance portfolio. The coverage by reinsurers and the retention are taken into account.	1%
Total		100%

Financial Risk

Credit risk

Credit risk consists of default risk, spread risk and concentration risk. Default risk involves the risk that counterparties will be unable to meet some or all of their payment obligations. Spread risk involves the risk that a fear of default arises, or the perceived risk of default increases, so that the value of the obligation (bond, mortgage or otherwise) drops. Concentration risk is the concentration of default risk on large counterparties.

Defaults may occur in the bond portfolio, in the mortgage, consumer and corporate loans portfolios or with counterparties including reinsurers, insurance intermediaries, policyholders, banks, derivative counterparties and other debtors.

The Group maintains a diversified fixed-income investment portfolio that is structured to match its insurance liabilities. The credit risk for the Group is primarily related to corporate bonds, mortgage loans and other loans. The Group's bond portfolio managers and specialist staff are primarily responsible for managing default risk. At the Group's business unit level, credit spread and default risk are limited by the Group's specific guidelines laid down in its investment mandates. Default rates of the Group's mortgage loans are monitored and reported on a monthly basis. A large part of the mortgage portfolio is securitised, and, with respect to the securitised mortgages, the default risk is largely passed on to third parties (the buyers of the mortgage-backed securities). Default risk management also involves avoiding losses from credit downgrades.

At the Group level, all assets exposed to credit defaults are monitored. A list of the 25 largest counterparties and investments at the Group level is prepared each quarter to monitor concentration risks and prevent large default losses. The list includes all exposures to counterparties, such as bond, equity, cash reinsurance and derivatives exposures.

The Group as at 30 June 2009 had a fixed income portfolio of EUR 20.4 billion with 46% invested in sovereigns, 16% in sub-sovereigns (including covered bonds with a state or government guarantee) and 21% in corporates. The remainder was invested in covered bonds (8%) and structured credit (9%, mainly the residential mortgage-backed securities originated by the Group itself).

With respect to cash positions, limits have been set for the maximum exposure to counterparties based on their credit ratings, which the Group monitors frequently. Counterparty

default risk in derivative contracts is mitigated by collateralisation and by maintaining a diversified portfolio of derivative counterparties.

The Group also faces a concentration risk with respect to its reinsurers. There are only a few reinsurers with high credit quality. The concentration risk in the reinsurance sector is controlled by setting limits per reinsurer. The maximum losses incurred in the event of a default of any single reinsurer is not likely to exceed 2% of the Group's equity on any given date.

The Group also incurs inflation risk, mainly because a part of the Group's pension contracts provide that pensions payments will increase to compensate for inflation. This exposure is mitigated by inflation-linked swaps and other instruments.

Equity risk and property risk

As at 30 June 2009, the Group's own risk equity portfolio was EUR 5 billion, representing 17% of its total risk exposure. About 70% of its equity investments consisted of ordinary shares, with the remainder consisting of preference shares, equity derivatives and investments in private equity and hedge funds. The Group had EUR 1.6 billion of its equity portfolio in stakes over 5% of the total outstanding share capital in Dutch companies. In general, the Group's equities portfolio is broadly diversified, but also includes some strategic positions that are discussed regularly in the risk committees. A substantial part of the equity portfolio is invested in large, mid and small cap Dutch equities.

The Group's policy is to hedge the exposure on the majority of its equity portfolio. The ordinary shares and equity investment funds were valued at approximately EUR 3.5 billion as at 30 June 2009. A notional amount of approximately EUR 2.8 billion was hedged as at 30 June 2009. The Group's hedging strategy aims to protect against downside risk of the equity portfolio while maintaining upward potential. The Group has used this hedging strategy since before 2008. On a regular basis the Group tests whether the equity hedges ensure that a drop of the AEX Index to as low as 168 does not lead to a breach of the minimum economic capital ratio of 110%.

Put options and put spread collar options with various strike prices, underlying indices, maturity dates and counterparties are used to optimise the Group's hedging strategy. The hedging programme is reviewed periodically to determine whether it should be adjusted. Listed assets are generally valued on a daily basis. Collateral management takes place on a daily basis as well.

On property risk, the Group's risk management strategy is focused on retaining a high quality self managed portfolio. As at 30 June 2009, the Group's own risk real estate portfolio was valued at EUR 3.0 billion (divided into residential (42%), commercial (28%) and office (30%)), representing 10% of its total risk exposure. The portfolio consists largely of property in the Netherlands. Residential property, which has remained stable in the Netherlands throughout the recent market crisis, accounts for the largest share. The Group's vacancy rates for its residential portfolio are low (approximately 2%). Purchases and sales take place exclusively via a tender process and the value is objectively determined on the basis of external appraisals. The Group's overall property exposure is managed through volume limits. The Group's stress test examines the consequences of a 24% price drop. In addition, the Group monitors its maximum property exposure such that a 38% price decline would, in and of itself, also not result in a breach of the minimum economic capital ratio of 110% (38% is in line with the largest observed price fall in the Dutch market, which occurred in 1979-1982). In addition, the rental income from the portfolio offers protection from long-term inflation risk, incurred in the Group's life insurance business.

The market risks of equities and property are monitored with tools including the economic capital model. The economic capital model provides insight into the maximum possible exposures to equities and property, as well as the impact on net asset value and solvency of extreme stress scenarios. The equity market climate in 2008 can be regarded as an extreme stress scenario that became reality. The Group's existing equity derivatives offered substantial protection in 2008.

Interest rate risk

The Group incurs interest rate risk as the value of its assets and of its liabilities depend on the interest rate.

Within the Group, the interest rate risk is monitored and analysed by assessing various scenarios. The Group's insurance operations aim to eliminate the risk of an interest rate movement exceeding 2.5% of the market value of Group equity. All fixed income assets and instruments except AAA-rated collateralised assets bear an additional risk, as the yields of these assets may develop differently from the yields used for discounting the liabilities.

Interest rate risk is managed through derivatives, including swaps and swaptions but the Group Risk Committee can decide that the Group will keep an open position for strategic reasons. Furthermore, interest rate risk is managed by duration matching of assets and liabilities. This interest rate management strategy has significantly reduced realistic net asset value sensitivity to interest rate risk.

The Group hedges the minimum interest guarantees in certain types of life insurance contracts through receiver swaptions. These instruments offer protection if interest rate decreases. The (notional) amount covered by the receiver swaptions was EUR 11.3 billion as at 30 June 2009.

The Group has written, and continues to write, a number of collective pension contracts under which pension payments are indexed to increase with an increase in the Dutch inflation rate. This inflation risk is hedged by inflation-linked derivative instruments.

Insurance risk

Insurance risks arise from the possibility that insurance premiums and/or provisions will not be sufficient to meet future payment obligations under written policies. This will occur if the actuarial assumptions used in forming the provisions (such as those on mortality) are adjusted to a level that is less favourable.

Life insurance

Longevity risk (the risk people live longer) is the key insurance risk for life insurance products. If people live longer, the guaranteed payments to policyholders on annuities and pension contracts will last longer and therefore be costlier.

The Group manages longevity risk through detailed analysis of mortality data and the latest external industry data and industry trends as to keep adequate provisioning. The expected future mortality improvements for the next 50 years are included in the provisioning and the pricing of the policies. The Group uses the most recent mortality expectations in forming its insurance liabilities provisions. Some of the Group's business units also establish additional longevity provisions for some insurance products (amounting to EUR 479 million as at 30 June 2009).

Mortality risk (the risk people die sooner) also plays a role in the life insurance business of the Group. Reinsurance helps to control the mortality risk; the three most important reinsurance contracts are the mortality cover of EUR 2 million with a deductible of EUR 1 million for Delta Lloyd Levensverzekeringen, the cover of EUR 1.6 million with deductible EUR 100,000 for ABN AMRO Insurance and a mortality catastrophe contract that covers EUR 80 million for the Group with a deductible of EUR 10 million.

The life insurance business is also exposed to lapse risk. Whether policyholders terminate or renew (tacitly or explicitly) their insurance policies depends on consumer expectations and developments in the financial markets. Managing the attractiveness of the life insurance products for customers, agents, advisers and banks as well as close monitoring of developments of the portfolio are key to mitigating this risk.

General insurance

Risk management of the general insurance portfolios focuses on risk mitigation through strict underwriting policies, established claims handling procedures and risk-based reinsurance contracts. The risk profile of the general insurance portfolio is measured using the economic capital method. The frequency and severity of claims is simulated on a stochastic basis.

For each of the Group's product lines an underwriting policy is developed, which is renewed on an annual basis. Periodically random checks are carried out for each product line to establish that underwriters follow the rules and regulations. The Group's reinsurance service centre develops customised reinsurance programmes for the various business units.

Catastrophic events are an important risk for the Group's general insurance business. In the Netherlands, the main catastrophic threat is the combination of a heavy storm and a hailstorm with a severe impact. The Group has largely reinsured its catastrophe risk. The possible maximum loss as a result of a catastrophe is EUR 430 million, assuming one occurrence every 200 years. The catastrophe risk reinsurance programme purchased by the Group for 2009 provides for cover of EUR 400 million above the Group's retention limit of EUR 30 million. In addition, the Group's general insurance business faces risks regarding the frequency and size of claims, unexpected claims, inaccurate pricing of the general insurance risks and inadequate reinsurance protection. The economic capital method assesses the risks and calculates the capital that needs to be maintained in respect of these risks.

The pricing of general insurance policies take account of the "premium rating cycle" characteristic of the general insurance industry. Positive market results generate downward pressure on premiums (due to higher capital supply), which leads to lower financial performance, thereby necessitating an increase in premiums. The Group has set up product teams and specific knowledge centres which are responsible for managing this risk and for the correct timing of premium pricing or adjustments.

The provisioning for general insurance liabilities is based on estimates that use standard actuarial projection techniques. The Group's past claims development is used to project future claims development. In most cases no explicit assumptions are made regarding future rates of claims inflation or loss ratios, instead the assumptions used are those implicit in the historic claims development on which the projections are based.

Claims handling is organised in separate specialised departments. The Group's entities in the Netherlands share one department for individual policy products (e.g. motor, third party and property insurance) claims, one for bodily injury claims. There are several departments for claims under corporate policies. The settlement and assessment of incurred claims are guided by claims handling policies of the Group's divisions. These policies describe the processes, governance, limits of authorisation and provisioning system. Delta Lloyd ABN AMRO Verzekeringen and the Group's operations in Belgium have their own departments for handling claims. Claims handling is performed by dedicated educated staff with the support of IT systems.

Liquidity risk

The Group's banking operations face liquidity risk, which is the risk that short-term assets are insufficient to meet short-term obligations. The Group's mortgage business require liquidity to fund extended mortgage loans. Historically, the Group relied on securitisation as a source of funds. As a result of the severe decline of the securitisation market, the mortgage business has been funded by more expensive alternative funding sources, such as intercompany loans, traditional bank financing and repo transactions. The Group can partially limit its funding needs by increasing the margins on mortgage loans and thereby limit new mortgage lending.

The potential liquidity risk caused by an outflow of savings and deposits of clients (liabilities) in the Group's banking division is partly mitigated through matching assets of the banking division in investment portfolios with relatively high liquidity and quality. These assets can be sold quickly, or used as collateral to borrow from the ECB. However, in extreme market conditions even high quality portfolios that may have been highly liquid can suffer losses.

The liquidity risk is closely monitored by risk management functions and asset liability committees within the Group's banking operations and by the asset management division.

Financial Risk Sensitivities

The following table provides a summary of the key financial risk exposures and their risk capital requirements and sensitivities as at 30 June 2009 based on the pre-diversification capital requirements as per year-end 2008.

Risk	Risk capital requirement ¹	Sensitivity ²	Key sensitivities ³ (EUR million)	
			Impact on regulatory capital	Impact on Group MCEV ⁵
Interest rate risk	7%	+100 bps	(207)	(67)
		-100 bps	89	(68)
Credit risk	27%	+50 bps	(527) ⁴	(121)
		-50 bps	527 ⁴	153
Equity risk	16%	+10%	247	259
		-10%	(258)	(265)
Property risk	12%	+10%	196	166
		-10%	(196)	(169)
Longevity risk	7%	-5%	N/A	(94)
		annuitant mortality		
Expense risk	10%	+10%	(36)	(209)
		maintenance expenses		

(1) Pre-diversification as at 2008.

(2) Credit sensitivity shown as increase/decrease in credit spreads; equity and property market value sensitivities shown.

(3) As at 30 June 2009.

(4) Including credit spread risk and spread risk (concerning the complete fixed income portfolio).

(5) These sensitivities have not been applied to the non-covered business assets.

Strategic Risk

The strategic planning process of the Group is based on long-term scenarios. The Group started working with long-term scenarios a few years ago and they were updated at the end of 2008. These scenarios are used to sketch a variety of possible future states by extrapolating current trends and expressing these trends combined with extreme trends. Scenario-based thinking is a tool that helps guide the Group's thinking about its core competencies (e.g. distribution power, brand/reputation, core values) and its position in relation to future changes. The new scenarios may lead to a refinement of the Group's strategy, which will form the basis for the Group's plans for 2010 and beyond.

Strategy development involves anticipating and responding to changing market conditions. The Group aims to test its existing and new products for compatibility with its policies. This is done by checking the products against customer value, transparency standards and development in public expectations. The Group also aims to increase its turnover from sustainable products.

The Group's marketing and sales strategy is focused on promotion and support of the intermediary distribution channel, segmented into specific target groups such as large, national intermediary organisations, regionally operating intermediaries and specialised intermediaries. In addition, the Group's general insurance business seeks to grow the underwriting agencies distribution channel.

Legal and Regulatory Risk

Integrity is an important core value for the Group. Compliance with laws and regulations is seen as a key part of the Group's commitment to integrity.

In 2008, the Group completed a compliance assessment. The eight compliance categories with the highest inherent risks were assessed for existing risks, controls and evidence of the operational effectiveness of these controls. The eight categories were internal values and

awareness, market forces, alliance partners, personal data protection, consumer protection, product development and management, “know your customer” and incident reporting. In 2009 all business units started working on improvement programmes based on the outcome of the assessment.

The Group’s compliance with the more stringent duty-of-care requirements laid down in the Dutch Financial Supervision Act was assessed in relation to the consumer protection and product development compliance categories. The Group also monitors the compliance of its insurance intermediaries with these requirements. This aspect was addressed in the alliance partners and incident reporting compliance categories.

The Dutch Prevention of Money Laundering and Financing of Terrorism Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*) (**PMLA**) is important for the “customer due diligence” compliance category.

The compliance officers of all business units supervise the implementation of and compliance with all relevant regulations.

In respect of managing risks of mis-selling claims and changes to tax laws: the Group’s compliance network and the Group’s tax department proactively anticipate developments.

Operational Risk

Operational risks are assessed on their possible financial, operational or reputational impact.

Projects and programmes aimed at increasing operational effectiveness

In the current highly competitive market, the operating expenses of the Group are critical to the Group’s competitiveness. One important method to reduce costs is to structure processes as effectively and efficiently as possible. The Group has implemented several major cost improvement plans for the short term, including a hiring freeze and a sharp reduction in external staff. See “Operating and Financial Review – Efficiency and Cost Reduction Initiatives – Cost Reduction Programme”.

The Group recognises the risk of the simultaneous implementation of several major change processes, such as sharing services via chain integration and profit improvement programmes, since these initiatives require close monitoring and control. A Group Business Change & Development department has been set up to streamline the various programmes and integration processes.

IT and infrastructure

The Group regards tight control over its IT systems as a strategic necessity. It aims to strengthen the central IT organisation and the strategic information management function to increase the effectiveness of the general IT controls and to reduce costs through, for example, the improvement of existing IT systems. The IT systems require many ongoing adjustments because of legislative changes and chain integration.

Outsourcing

Companies increasingly request that their suppliers provide them with an independent opinion (statement) on the effectiveness of the supplier’s internal controls. This statement must be certified by an external auditor. The Group asks its business partners to provide a SAS 70 type II statement. Internationally recognised, it enables an independent auditor to review a service provider’s controls for safeguarding its customer data. This statement is a standard element in the Group’s contracts with suppliers. The Group also negotiates the right to perform audits of its business partners, or to arrange for such audits to be performed. A SAS 70 type II statement has been received from all major outsourcing partners.

In this regard, the Group is exposed to dependency risk as it may not be able to immediately replace a supplier that has defaulted on or failed to fulfil its obligations. The Group addresses this risk by closely monitoring and overseeing the processes and stability of its business partners.

Furthermore, in an effort to monitor this risk, the Group has implemented a new IT system known as eSize to monitor the information of its third party suppliers’ contracts.

Business protection

The Group has set up ICT and business contingency arrangements to avoid losses in the event of business interruption. A contingency test plan has been prepared, involving all critical business applications, alternative workplaces in case a building is damaged, and the impact of a pandemic disease. In the meantime, the various systems have been tested and approved for the Dutch, Belgian and German business units. A basic infrastructure system has been delivered and is being tested by the business units.

In 2009, the Group tightened system access controls in the business and strengthened its IT governance. Further work is planned on identity access management and self assessment of compliance with strategic security policy.

Human resources

Recruiting, developing and retaining qualified staff is vital to the Group's business. Trainee programmes have been developed in order to attract young talent for professional departments such as actuary, ICT and finance. Leadership capabilities of senior management are being strengthened by a custom-made leadership programme and by "Executive Development Groups". Professional and personal development of employees is monitored on a yearly basis by management and facilitated with development programmes and employability checks. This enhances retention of qualified staff and preserves vital knowledge and expertise for the Group.

Fraud and crime

In 2006, the Dutch Association of Insurers launched a fraud prevention plan for the general insurance industry, which aims to double the fraud detection rate. The Group is in the process of implementing a fraud prevention, detection and repression plan. As part of its plan, all fraud and crime prevention departments (except Delta Lloyd ABN AMRO Verzekeringen) have been brought under central management of the financial crime unit (*Fraude & Criminaliteit Bestrijding*) of the Group Integrity department in 2008. The integration of Delta Lloyd ABN AMRO Verzekeringen is currently being considered.

A training and awareness programme regarding risks of internal and external fraud and criminal activities has been implemented in all business units in the Group. To this end, the Group has created a knowledge centre for the combating of fraud and criminal activities and professional staff have been hired to operate such knowledge centre. In addition, some important processes and businesses, such as car insurance and real estate management, were assessed and recommendations for improvement were or are in the process of being implemented. A fraud risk assessment was conducted and potential fraud scenarios were identified. The assessment also identified controls measures which have been implemented. A central database has been set up to store all information about actual and potential fraudulent loss incidents. The possibility of implementing software detection systems is being explored. Investigation methods and procedures are being improved and standardised. The new structured and centralised approach has led to a number of additional prevention measures and a significant increase in both the number of investigations as well as savings in damages and losses.

Financial Reporting Risk

The Group is in the process of implementing processes and procedures aimed at enabling Aviva to certify its compliance with SOx in respect of the year 2009 onwards. In 2008, the most important controls relating to financial reporting were identified. An ICT application for the systematic recording of all controls and the outcomes of test programmes was installed. The test phase, during which the proper operation of all controls will be assessed, is expected to be completed by the end of 2009 and the Group is working with Aviva on completing the SOx assessment as soon as possible thereafter. One important area of attention for the project is the impact of strategic changes on the Group with respect to the internal control of the financial reporting processes. SOx controls mitigate the risks of failures in financial reporting.

Changes in accounting policies are monitored by Group Finance & Control and timely discussed with the external auditor.

The Group's business is principally conducted in the Netherlands and Belgium, and to a lesser extent in Germany. Where applicable, Group entities have obtained the regulatory licences and approvals needed to operate their regulated business. The Group applies a risk based compliance approach and aims to be compliant with applicable laws, rules and legislation in those jurisdictions. Furthermore, the Group aims to anticipate and adjust timely to changes in such laws, rules and legislation. In order to do so, internal assessments are performed on a regular basis to assess the level of compliance and define necessary improvements, where needed.

The following is a general overview of the regulatory laws, rules and legislation applicable to the Group from an EU perspective, and an overview of the key regulatory laws, rules and legislation applicable in the Netherlands, Belgium and Germany, respectively. These laws, rules and legislation, as well as their interpretation and enforcement, are constantly changing.

REGULATION IN THE EUROPEAN UNION

The scope of EU legislation includes the European Economic Area (the **EEA**). Therefore, references made to EU legislation in this section, means that such legislation is also applicable in the EEA.

Insurance and Insurance Related Regulation

Since 1973, the European Union has adopted a series of insurance directives on life insurance and direct insurance other than life insurance. These directives have been implemented in EEA jurisdictions through national legislation.

The 1992 EU directives on life insurance and direct insurance other than life insurance are founded on the "home country control" principle, which provides that the ongoing regulation of insurance companies, including their non-home insurance operations (whether cross-border or through branches), is the responsibility of the home country insurance regulatory authority. The home country insurance regulatory authority monitors compliance with applicable regulations, the solvency of the insurer and its technical provisions as well as the assets of the insurer that support such technical provisions. As a result of the implementation of these directives, an insurance company that has been licensed to conduct insurance business in one jurisdiction of the EEA may do business directly or through branches in all other jurisdictions of the EEA without being subject to licensing requirements under the laws of the additional jurisdiction. Selling activities of non-home insurance operations, however, are regulated by the regulatory authorities in the country in which the sale of the insurance product takes place, and are therefore subject to *inter alia* the consumer protection and conduct of business rules of that particular jurisdiction.

Solvency II is an extensive project to review the EU insurance directives that impact EEA insurers and the manner in which they are supervised by Member States. The Solvency II project is aimed at creating a new solvency framework on a mark-to-market basis, in which the financial requirements better reflect the risks taken by the insurers. Another objective of Solvency II is to align supervision to market developments. Insurers are currently increasing efforts to measure and control risks and Solvency II is intended to promote such efforts. With Solvency II, a more central role is allotted to supervising and controlling the risks taken by an insurer. Furthermore, Solvency II envisages to create consistency of solvency requirements disclosure across Member States.

The structure of Solvency II is modelled on Basel II which relates to the banking sector. Solvency II has three interconnected pillars: pillar 1 sets out quantitative requirements; pillar 2 sets out qualitative requirements and supervisory activities and pillar 3 sets out market discipline and reporting.

The EU Solvency II Framework Directive was adopted by the European parliament on 22 April 2009 and by the Council of the European Union on 5 May 2009. The implementation date, by which each of the Member States must bring into force implementing regulations, is 31 October 2012.

Banking and Banking Related Regulation

The EU Financial Services Action Plan 1999-2005 laid the foundations for a single financial market in the European Union and has brought about many changes. In its Strategy on Financial Services for 2005-2010, the European Commission set out its objectives to achieve an integrated and competitive EU financial market. It proposed doing so by removing remaining barriers, especially in the retail area so that financial services can be provided and capital can circulate freely throughout the European Union at the lowest possible cost, resulting in high levels of financial stability, consumer benefits and consumer protection. The financial services sector includes three major areas for which EU regulatory policies apply: banking, capital markets and asset management.

The EU Recast Banking Directive 2006/48/EC sets out rules concerning the taking up and pursuit of the business of credit institutions and their prudential supervision. Under this directive, a bank can offer banking services in all Member States on the basis of a single banking licence (“European passport”) through the establishment of a branch or cross-border provision of services in all Member States.

Basel II sets out the details for adopting more risk-sensitive minimum capital requirements for banking organisations. It reinforces these risk-sensitive requirements by laying out principles for banks to assess the adequacy of their capital and for supervisors to review such assessments to ensure banks have adequate capital to support their risks. It also seeks to strengthen market discipline by enhancing transparency in banks’ financial reporting.

The EU Recast Banking Directive is the first part of the new capital requirements framework, which was adopted in June 2006 as the EU Capital Requirements Directive; the second part is the EU Recast Capital Adequacy Directive 2006/49/EC. The EU Capital Requirements Directive is the legal vehicle pursuant to which the Basel II framework has been implemented into EU law. The directive sets out the capital adequacy requirements that apply to investment firms and credit institutions.

In October 2008, the European Commission adopted proposals to amend the EU Capital Requirements Directive in view of the financial crisis. Proposals addressed items such as large exposures, supervisory arrangements and crisis management and securitisation. The European Commission also adopted a proposal for amendments to the EU Deposit Guarantee Schemes Directive. The resulting EU Directive 2009/14/EC provides for: (i) an increased minimum coverage level for depositors from EUR 20,000 to EUR 50,000 with a further increase to EUR 100,000 by 31 December 2010; and (ii) a reduction in the payout delay.

Another important piece of legislation in this area is the EU Markets in Financial Instruments Directive (**MiFID**), which is now implemented in, *inter alia*, Dutch, Belgian and German legislation. MiFID regulates, *inter alia*, the cross-border provision of investment services and regulated markets and replaces the 1993 EU Investment Services Directive which established the single passport for investment firms. MiFID provides a harmonised regime for investment services and aims to increase competition and reinforce investor protection. It streamlines supervision on the basis of home country control and enhances the transparency of markets. It harmonises conduct of business rules, including best execution, conflict of interest and customer order handling rules. MiFID abolishes the concentration rule, creating a more competitive regime between order execution venues. It also imposes market transparency rules for investment firms, regulated markets and multilateral trading systems for both pre- and post-trading for equities.

MiFID also has consequences for intermediaries in financial products. It envisages, *inter alia*, a way to harmonise regulation in respect of commission payments and remuneration transparency. The MiFID prescribes inducement rules which should lead to appropriate commissions. These rules are intended to better protect customers if they wish to purchase certain financial products, such as “complex” structured products and mortgage loans because there might be a risk of reward-driven advice issued by intermediaries since intermediaries are often paid by the provider of the financial product.

In October 2007, the EU Payment Services Directive was formally adopted. This directive will open up the payment services to competition from newly licensed payments institutions and

increase consumer protection by introducing information requirements and uniform operational rules for payment service providers. The EU Payment Services Directive, applicable in the European Union to all payments in euro and other Member States' currencies, lays the foundation for the creation of a single market in payments and constitutes the legal framework for the Single Euro Payments Area. The deadline for implementation of the EU Payment Services Directive into national law is 1 November 2009.

In the area of asset management, the European Union has enacted legislation on pension and investment products. On investment funds, the original 1985 EU Undertakings for Collective Investment in Transferable Securities Directive has been amended by two 2001 EU directives, the first regulating the product (e.g. types of assets in which to invest) and the second one giving management companies a "European passport" to operate throughout the EU. The European Commission initiated a review of the original 1985 directive framework with the aim of increasing the efficiency of the European investment fund industry.

On 30 April 2009, the European Commission proposed an EU Directive on Alternative Investment Fund Managers. It envisages a framework for the direct regulation and supervision of the alternative fund industry, particularly hedge funds and private equity funds. If final legislation is adopted at the end of 2009, the directive could come into force in 2011.

The third EU Anti-Money Laundering Directive, adopted in November 2005, has been implemented into national laws of Member States by December 2007. The aim of the directive is to implement 40 recommendations of the Financial Action Task Force (an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing). The directive follows a risk-based approach under which all measures aimed at preventing money laundering must be applied on a proportionate basis, depending on the type of customer, business and other considerations.

On 1 January 2007, the regulation which transposes the Financial Action Task Force Special Recommendation VII on "wire transfers" into EU legislation came into force. The regulation sets out rules on information on the payer accompanying transfers of funds, in order to allow basic information to be immediately available to the authorities responsible for combating money laundering and terrorist financing.

DUTCH REGULATORY FRAMEWORK

The insurance, banking, and financial services businesses of the Group's Dutch subsidiaries are supervised in the Netherlands by DNB and the AFM.

The regulatory system in the Netherlands is a comprehensive system based on the provisions of the Dutch Financial Supervision Act which came into effect on 1 January 2007. With the introduction of the Dutch Financial Supervision Act, the change of the organisational structure of supervision, from the traditional sectoral model (i.e. supervision of the various sectors in the financial industry) to a functional model (i.e. supervision of conduct of business matters and supervision of prudential matters) on a cross-sectoral basis, was formalised. The Dutch Financial Supervision Act sets out rules regarding conduct of business supervision (by the AFM) and prudential supervision (by DNB).

Conduct of business supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial enterprises in dealing with customers. For this purpose it is necessary to create market conditions where supply and demand can be brought together (orderliness) and to ensure that market participants have access to information needed to make decisions (transparency). For an efficient financial market it is also necessary to have rules that govern the transactions between participants in the market, and help to achieve market equilibrium (proper relations between market participants). To achieve this, the AFM's conduct of business supervision intends to realise that financial enterprises treat their customers with due care, in order to minimise the potential information gap between providers of financial services and products and their customers. In case of breach of conduct of business rules of the Dutch Financial Supervision

Act the AFM may, *inter alia*, issue directions (*aanwijzingen geven*), impose fines and make information on any imposed sanctions and the context thereof, public.

DNB's prudential supervision is to ensure the financial soundness of financial undertakings and contributes to the stability of the financial sector. In order to do so, it protects the interests of bank creditors, policyholders, investors and financial services customers of financial enterprises. It is naturally in the interests of customers of financial enterprises to be able to rely on the fact that the financial enterprises will fulfil their obligations. Prudential supervision comprises solvency and liquidity supervision designed to check that financial enterprises can always meet their payment obligations. The supervision aims to reduce the risk of bankruptcy, although this risk can never be entirely excluded in a market economy. Prudential supervision also includes supervision of the scope and composition of the technical provisions of insurers for performance of their insurance obligations. In case of breach of conduct of business rules of the Dutch Financial Supervision Act, DNB may, *inter alia*, issue directions (*aanwijzingen geven*), impose fines and make information on any imposed sanctions and the context thereof, public.

Insurance and Insurance Related Regulation

The Dutch Financial Supervision Act provides that no entity with its registered office in the Netherlands may carry on the business of a life insurer (*levensverzekeraar*) or non-life insurer (*schadeverzekeraar*) without an authorisation granted by DNB. The Dutch Financial Supervision Act contains similar provisions for cases where such a business is operated from a Netherlands-based branch of an institution with its registered office outside the EU or EEA. In the event that such business is operated from a Netherlands-based branch of an institution with its registered office within the EU or EEA, the "home country control" principle applies. See "– Regulation in the European Union – Insurance and Insurance Related Regulation" for more information about the "home country control" principle.

DNB supervises an insurer, which has been allowed to access the market, by collecting and assessing information regarding such insurer. If DNB deems it necessary, it may subsequently take actions pursuant to its assessments. DNB collects information in various ways: by receiving reports and documentation, conducting discussions and carrying out onsite investigations. More indirectly, DNB also uses information from analyses of developments in the financial sector and from contacts with other supervisory authorities. DNB can also make very specific requests for information from the insurer itself as well as from other parties involved. Based on the information, DNB carries out prudential analyses. The information and analysis together form the basis for the judgement as to whether an insurer is complying with the supervisory requirements. DNB uses its findings again in the operational supervision of the relevant insurer.

In the context of guiding of and intervening in a supervised insurer, DNB has a number of tools at its disposal to direct the conduct of a supervised insurer. DNB can issue a directive to an insurer obliging it to adopt a certain course of conduct on specific points. DNB can issue such a directive if: (i) either the insurer fails to comply with the provisions of the Dutch Financial Supervision Act or related secondary legislation; or (ii) DNB identifies signs of a development that may endanger the funds, solvency or liquidity of that insurer.

Furthermore, DNB may appoint an administrator (*curator*) for all or some corporate bodies or representatives of an insurer, which means that those bodies or representatives may only exercise their powers after obtaining the administrator's approval. The situations in which DNB will resort to this measure correspond to the cases in which DNB can issue a directive as set out above. In the event of the breach of certain provisions listed in the Dutch Financial Supervision Act, DNB can impose a cease-and-desist order or an administrative fine on the offending insurer. DNB also has certain powers under the Dutch Financial Supervision Act to make information public; this involves issuing a public warning and announcing a decision to impose an administrative fine or a cease-and-desist order.

Supervision of technical provisions

The Dutch Financial Supervision Act provides that an insurer must maintain technical provisions (*technische voorzieningen*). Technical provisions function as a buffer facility in order to cover possible claims by policyholders. The size of the technical provisions is dependent on the

type of insurer concerned (e.g. life or non-life). An insurer must keep assets as a cover for the technical provisions. The relevant legislation prescribes what assets are permitted and what conditions and maximums apply to specific assets. DNB is the supervisory authority in this respect.

Solvency supervision

Pursuant to the Dutch Financial Supervision Act, insurers are obliged to meet solvency criteria. These criteria have been implemented in Dutch legislation pursuant to the EU insurance directives, as discussed under “– Regulation in the European Union – Insurance and Insurance Related Regulation” above. The purpose of the solvency criteria is to absorb unforeseen events such as an economic downturn or a shortfall of expectations in the insurer’s investment activities. Different criteria apply to different types of insurance policies. DNB supervises the solvency criteria applicable to an insurer.

It is expected that a new statutory framework for the Dutch insurance industry, based on Solvency II, will be in place by 2011/2012. See “– Regulation in the European Union – Insurance and Insurance Related Regulation” above for more information.

Supervision of financial groups

The Dutch Financial Supervision Act contains specific provisions concerning the prudential supervision of financial groups. These provisions deal with: (i) the consolidated supervision of credit institutions and investment firms; (ii) the supervision of life insurers, non-life insurers and reinsurers in an insurance group; and (iii) the supervision of financial conglomerates, in order to enable DNB to form a correct picture of the financial soundness of the group, so as to ensure, *inter alia*, that a group’s solvency is not presented in an excessively favourable light.

The Company itself is supervised as a holding company of a group of licensed banks, investment firms and insurance companies. It is therefore subject to prudential supervision which DNB exercises on a consolidated level in the Netherlands.

Structural supervision

Holding an interest or control of 10% or more in a Dutch-based insurer or other financial enterprise, requires a declaration of no objection issued by DNB or the Dutch Minister of Finance.

A declaration of no objection is issued dependent on the outcome of an assessment of the participating interest. The shareholder, the shareholder’s trustworthiness, the extent of control the shareholder will acquire over the insurer, possible conflicts with sound and prudent operations of the insurer and other considerations are assessed before DNB or the Dutch Minister of Finance issues or refuses a declaration of no objection.

Pensions

In the Netherlands there is a strict distinction between pension benefits as provided by the employer to its employees as an employment benefit and other private life insurance benefits. The main law in the Netherlands applicable to pension providers, including insurers of pension benefits, is the Dutch Pensions Act that as of 1 January 2007 replaced the Dutch Pensions and Savings Funds Act of 1953. Under and pursuant to the Dutch Pensions Act several additional regulations have been published and are applicable to providers of pension benefits. The prudential and material supervision of pension providers, such as industry-wide pension funds, occupational pension funds, company pension funds, and insurance companies is exercised by DNB under the Dutch Pensions Act. The AFM is exercising the conduct supervision.

Insurance intermediaries

Conducting insurance intermediary services requires a licence. Under the Dutch Financial Supervision Act, an insurance intermediary is the party that provides an insurance product, or that advises, mediates (including in respect of reinsurance), or acts as an authorised agent given a power of attorney, or sub-power of attorney in respect of an insurance product. The supervision is focused on orderly and transparent financial market processes, integrity of relations between market players and due care in the provision of services to customers.

New provisions have been introduced, as of 1 January 2009, in the Dutch Decree on Conduct of Business Supervision of Financial Enterprises (*Besluit gedragstoezicht financiële ondernemingen Wft*) for financial service providers, including to insurance intermediaries, in the area of commission payments and remuneration transparency. The MiFID inducement rules were used as starting points in this process.

The AFM has issued guidelines for the application of the inducement rules that apply to financial service providers. An important part of the specific requirements that relate to inducements are included in open standards. The AFM's guidelines mainly relate to these open standards, including the manner in which commissions should be made transparent. The AFM provides starting points for the application of the inducement rules for instance, through the use of examples.

Banking and Banking Related Regulation

Prudential supervision of credit institutions, including banks, is exercised by DNB under the Dutch Financial Supervision Act. No enterprise or institution established in the Netherlands may pursue the business of a credit institution unless it has obtained prior authorisation from DNB. Its supervisory activities under the Dutch Financial Supervision Act focus on the supervision of solvency, liquidity and administrative organisation, including risk management and internal control.

If, in the opinion of DNB, a credit institution fails to comply with the rules and regulations regarding the above mentioned subjects, DNB will notify the credit institution and may instruct it to behave in a prescribed manner. If the credit institution does not respond to any such instructions to the satisfaction of DNB, DNB is allowed to exercise additional supervisory measures that may include the imposition of fines or withdrawal of its banking licence. The Dutch Financial Supervision Act provides that each supervised credit institution must submit periodic reports to DNB.

Solvency supervision

The EU Capital Requirements Directive, representing the translation of Basel II to EU legislation, entered into force in 2006; see “– Regulation in the European Union – Banking and Banking Related Regulation” above for more information. The implementation process of Basel II into the Dutch Financial Supervision Act and adjoining regulations issued pursuant thereto, including DNB supervisory rules, was completed when the Dutch Financial Supervision Act and those regulations entered into force on 1 January 2007.

Liquidity supervision

Under the DNB's liquidity regulation (*Regeling liquiditeit Wft*), banks are required to report their liquidity position on a consolidated level to DNB on a monthly basis. The liquidity regulation seeks to ensure, *inter alia*, that banks are in a position to cope with an acute short-term liquidity shortage, on the assumption that banks would remain solvent.

In principle, the liquidity regulation covers all direct domestic and foreign establishments (subsidiaries/branches), including majority participations. The regulatory report also takes into consideration the liquidity effects of derivatives and the potential drawings under committed facilities. The liquidity regulation places emphasis on the short term by testing the liquidity position over a period of up to one month with a separate test of the liquidity position in the first week. For observational purposes, several additional maturity bands are included in the liquidity report (one to three months, three to six months, six months to one year and beyond one year). Available liquidity must always exceed required liquidity. Available liquidity and required liquidity are calculated by applying weighting factors to the relevant on- and off-balance sheet items, i.e. irrevocable commitments. The liquidity test includes all currencies.

Liquidity reporting

On the basis of an evaluation of the current liquidity reporting system, which was also performed in light of the recent economic downturn, DNB's Consultation Document on Changes to Liquidity Reporting (*Consultatiedocument Wijzigingen Liquiditeitsrapportage*) includes proposals for changes to the liquidity reporting system. Under the new proposals, each month a

test will be performed to verify if the available liquidity as specified in the liquidity report meets the requisite liquidity level. The new proposals are designed to enable financial enterprises under supervision to maintain sufficient liquid assets to sustain prolonged periods of stress without excessive and prolonged recourse to central banks. In addition, they aim to provide more insight into the liquidity risk of several sources, like off-balance activities and the financial resilience in the longer term.

Structural supervision

An interest or control of 10% or more (a **qualifying holding**) in a Dutch-based bank requires a declaration of no objection issued by DNB or the Dutch Minister of Finance. In addition, banks require a declaration of no objection for specific acts, for example if it wishes to reduce its own funds or alter its financial or corporate structure. See, in respect of declarations of no objection generally, “– Dutch Regulatory Framework – Insurance and Insurance Related Regulation”.

Aside from the declaration of no objection requirement for qualifying holdings in financial enterprises, banks holding specific participating interests may also be required to apply for a declaration of no objection. Such is the case if the participating interest exceeds a given threshold value, for example, when the participating interest constitutes more than 1% of the balance sheet total of the receiving bank.

Supervision of financial groups

See, in respect of supervision of financial groups, “– Dutch Regulatory Framework – Insurance and Insurance Related Regulation”.

Fund Management

The AFM is the licensing body for investment firms as referred to in the Dutch Financial Supervision Act. The supervision focuses on orderly and transparent financial market processes, integrity of relations between market players and due care in the provision of services to customers.

Other Applicable Legislation

Dutch Financial Reporting Supervision Act

The Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the **FRSA**) entered into force on 31 December 2006. The FRSA replaced the statutory provisions governing legal proceedings on annual accounts and financial reports. The FRSA applies to financial years from 1 January 2006. Pursuant to the FRSA, the AFM supervises the application of financial reporting standards by companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange. Under the FRSA, the AFM has an independent right to: (i) request an explanation from listed companies to which the FRSA applies regarding their application of financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt that their financial reporting meets the applicable standards, and (ii) recommend to such companies the publication of further explanations.

If a listed company to which the FRSA applies does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof Amsterdam*) (the **Enterprise Chamber**) order the company to: (i) prepare its financial reports in accordance with the Enterprise Chamber’s instructions, and (ii) provide an explanation of the way it has applied financial reporting standards to its financial reports.

Dutch Prevention of Money Laundering and the Financing of Terrorism Act

The PMLA came into force on 1 August 2008. It replaced the Dutch Services Identification Act (*Wet identificatie bij dienstverlening*) and the Dutch Disclosure of Unusual Transactions Act (*Wet melding ongebruikelijke transacties*). Most of the provisions incorporated in those acts were incorporated into the PMLA.

The PMLA contains new provisions that relate to customer investigations, such as “customer due diligence” and “know your customer” requirements, that are carried out using a risk-based methodology. The responsibilities of the institutions to which the PMLA applies include an obligation to identify the ultimate beneficial owner(s) and the interested parties and to take extra precautions in cases of “politically prominent persons” or situations with an increased risk of money laundering or financing of terrorism. The PMLA is applicable to institutions (*instellingen*), including the Group’s subsidiaries.

Supervision under the PMLA is conducted by DNB, the AFM, the Dutch Financial Intelligence Unit (*Bureau Financieel Toezicht*) and the Dutch tax authorities (*Belastingdienst*) jointly.

Dutch Data Protection Act

The Dutch Data Protection Act (*Wet bescherming persoonsgegevens*) (the **DPA**) entered into force on 1 September 2001. The legislation implemented EU Directive 95/46/EC of 4 October 1995 on the protection of individuals with regard to the processing of personal data and the free movement of such data and imposes restrictions on the collection, use and other forms of processing of personal data.

Under the DPA, personal data may only be processed if the criteria for making data processing legitimate is met. This safeguard is a prerequisite for all contemplated data processing. If the data processing is indeed legitimate (i.e. if the statutory criteria apply), then such processing must at all times comply with the rules set out in the DPA.

In the Netherlands, the Dutch Association of Banks and the Dutch Association of Insurers prepared a code of conduct for the processing of personal data by financial institutions that includes specific rules for health insurers. This code was approved by the Dutch Data Protection Authority for a period of five years. While this approval lapsed on 5 February 2008, banks and insurers have indicated that they will continue to comply with this code of conduct until a new one has been approved. On 30 July 2009, the Dutch Data Protection Authority announced its intention to approve a newly proposed draft code.

BELGIAN REGULATORY FRAMEWORK

The insurance, banking and financial services business of the Group’s Belgian subsidiaries are subject to Belgian regulatory laws, rules, legislation and supervision. The Group sells general insurance in Belgium on a limited scale primarily through the Zelia brand, which it acquired as a part of Swiss Life Belgium in July 2008. At the time of the acquisition, the Group did not offer general insurance in Belgium.

Insurance and Insurance Related Regulation

Delta Lloyd Life, an insurance company governed by Belgian law, is subject to detailed and comprehensive regulation in Belgium. The CBFA acts as its supervisory authority.

The insurance regime in Belgium is governed by the Law of 9 July 1975 on insurance supervision, as amended (the **Belgian Insurance Supervision Law**). The Belgian Insurance Supervision Law, *inter alia*, implemented EU insurance directives referred to above. It sets forth the conditions under which insurance companies may operate in Belgium and defines the regulatory and supervisory powers of the CBFA.

Supervision of insurance companies

All Belgian insurance companies must obtain a licence from the CBFA before they may commence operations. In order to obtain a licence and maintain it, each insurance company must fulfil numerous conditions, including the requirement to apply certain technical provisions for the adequate fulfilment of its contractual and legal obligations, as well as a minimum solvency margin in order to cover any unforeseeable liabilities. There is also a “fit and proper” test and transparency requirements for shareholders. The CBFA supervises the shareholders’ structure and can intervene based on prudential considerations.

Specific rules also apply in respect of transfers of insurance portfolios by a Belgian insurance company to other insurance companies.

The Belgian Insurance Supervision Law requires insurance companies to provide detailed periodic financial information to the CBFA. The CBFA also supervises the enforcement of laws and regulations with respect to the accounting principles applicable to insurance companies.

Pursuant to the Belgian Insurance Supervision Law, the CBFA may, in order to exercise its prudential supervision, require that all information with respect to the financial position and the transactions of an insurance company be provided to it, either by the insurance company itself or by its affiliated companies. The CBFA may supplement these communications by on-site inspections. The CBFA also supervises insurance companies through collaboration with statutory auditors selected by insurance companies from a list of auditors or audit firms accredited by the CBFA.

If an insurance company does not provide for the required technical reserves, the CBFA may restrict or prohibit the company's free use of its assets. If an insurance company no longer meets the minimum solvency margin requirements, the CBFA may require that a recovery plan be prepared. In general, if the CBFA finds that an insurance company is not operating in accordance with the provisions of the Belgian Insurance Supervision Law, that its management policy or its financial position is likely to prevent it from honouring its commitments or that its administrative and accounting procedures or internal control systems present deficiencies, the CBFA will set a deadline by which the situation must be rectified. If the deadline is not met, the CBFA has the power to appoint a special commissioner to replace management, to prohibit or limit certain activities, to dispose of all or part of its activities, and to order the replacement of the board of directors and management failing which it will itself appoint a provisional manager.

In addition to the supervision of insurance companies under the Belgian Insurance Supervision Law, certain mandatory rules regarding the terms and conditions of insurance contracts, as well as regarding insurance premiums, may apply.

Insurance governance

Belgian law and regulatory practices make a fundamental distinction between the management of insurance activities on the one hand and the supervision of management and the definition of the insurance company's general policy on the other. The former is the responsibility of the executive committee and the latter is entrusted to the board of directors. In order to ensure that such a distinction is maintained, Belgian regulatory practices require an insurance company and its principal shareholders to subscribe to "internal governance rules" in order to ensure the autonomy of the insurance function and the proper governance of the insurance company. The rules also require the principal shareholders of an insurance company to contribute to the institution's autonomy and stability.

Cross-border activity

Delta Lloyd Levensverzekering and Delta Lloyd Schadeverzekering are both active as insurance companies in Belgium on a cross-border basis. Both companies hold a "European passport" allowing them to commence their businesses in Belgium. Both companies are therefore primarily subject to supervision by their home country regulator in the Netherlands. See "– Regulation in the European Union – Insurance and Insurance Related Regulation" for details regarding the "home country control" principle.

Delta Lloyd Levensverzekering and Delta Lloyd Schadeverzekering are nevertheless subject to certain provisions of Belgian law, including provisions protecting the general good that are applicable to foreign insurance companies.

Insurance intermediaries

Delta Lloyd Bank Belgium and Delta Lloyd Life are registered as insurance intermediaries with the CBFA. Insurance intermediaries are subject to the Law of 27 March 1995 regarding Insurance and Reinsurance Intermediation and Insurance Distribution. Insurance intermediaries

are subject to a registration requirement with the CBFA and must comply with a number of regulatory requirements to obtain and maintain their mandatory registration with the CBFA.

Banking and Banking Related Regulation

Delta Lloyd Bank Belgium, a credit institution governed by the laws of Belgium, is subject to detailed and comprehensive regulation in Belgium, supervised by the CBFA, acting as the supervisory authority.

The banking regime in Belgium is governed by the Law on the Legal Status and Supervision of Credit Institutions of 22 March 1993 and its subsequent modifications (the **Belgian Banking Law**). The Belgian Banking Law, *inter alia*, implemented the EU legislation as discussed above. The main objective of the Belgian Banking Law is to protect public savings and the stability of the Belgian banking system in general.

Supervision of credit institutions

All Belgian credit institutions must obtain a licence from the CBFA before they may commence operations. In order to obtain a licence and maintain it, each credit institution must fulfil, among other requirements, minimum paid-up capital requirements.

Any shareholder holding 5% or more (directly or indirectly, alone, together with affiliated persons or in concert with third parties) of the capital or the voting rights of the institution must be of “fit and proper” character to ensure proper and prudent management of the credit institution. Disclosure and notifications requirements apply in respect of certain holding thresholds and the CBFA can take sanctions if such requirements are not met.

The Belgian Banking Law requires credit institutions to provide detailed periodic financial information to the CBFA and to the National Bank of Belgium. The CBFA also supervises the enforcement of laws and regulations with respect to the accounting principles applicable to credit institutions. It also sets the standards regarding the solvability, liquidity, risk concentration and other limitations applicable to credit institutions.

The NBB is empowered to make recommendations, which it may eventually render compulsory, to banks and other financial institutions. It is also empowered to enforce compliance with standards for balance sheet ratios. The NBB may require banks to make special deposits with it and to maintain set proportions of government paper holdings. It may impose ceilings on credit facilities and on interest rates payable on certain liabilities.

If the CBFA finds that a credit institution is not operating in accordance with the provisions of the Belgian Banking Law, that its management policy or its financial position is likely to prevent it from honouring its commitments or that it is not providing sufficient guarantees of its solvency, liquidity or profitability, or that its management structure, administrative and accounting procedures or internal control systems present serious deficiencies, it will set a deadline by which the situation must be rectified. If the situation has not been rectified by the deadline, the CBFA has the power to appoint a special commissioner, to impose additional requirements regarding solvency, liquidity, risk concentration and other limitations, to suspend or prohibit all or part of its activities, to order the disposal of all or part of its shareholdings, to impose the replacement of the directors, and ultimately, to revoke the licence of the credit institution.

Bank governance

The CBFA recommends credit institutions to distinguish between the management of banking activities on the one hand and the supervision of management and the definition of the credit institution's general policy on the other. The former is the responsibility of the executive committee and the latter is entrusted to the board of directors.

Pursuant to the Belgian Banking Law, the members of the executive committee need to be of sufficiently good professional reputation and have appropriate experience in order to perform their roles, while the other managers need to have the required expertise and appropriate experience to exercise their functions.

Solvency supervision

Capital requirements and capital adequacy ratios are provided for in the CBFA's Regulation on own funds of 17 October 2006 as approved by the Ministerial Decree of 27 December 2006, implementing the Basel II related provisions of the EU Capital Requirements Directive and the EU Capital Adequacy Directive as discussed above. The payment of dividends by Belgian credit institutions is not limited by Belgian banking regulations, except indirectly through capital adequacy and solvency requirements, and is further limited by the general provisions of Belgian company law.

Large exposure supervision

Belgian regulations also ensure the solvency of credit institutions by imposing limits on the concentration of risk in order to limit the impact of failure on the part of a large debtor.

Equity investments

Belgian credit institutions may make equity investments in commercial and industrial companies. However, such investments (of 10% or more) may not exceed: (i) 15% of shareholders' equity of the credit institution on a per investment basis; or (ii) 45% of shareholders' equity of the credit institution in the aggregate.

Mortgage credit

Delta Lloyd Bank Belgium and Delta Lloyd Life are currently registered as mortgage credit enterprises (*hypotheekondernemingen/entreprises hypothécaires*). The activities of mortgage credit enterprises are regulated, including by the Belgian law of 4 August 1992 on mortgage credit. Mortgage credit enterprises are subject to supervision by the CBFA.

Fund Management

Delta Lloyd Asset Management is an investment firm active in Belgium on a cross-border basis pursuant to a "European passport". While this company is therefore primarily subject to supervision by its home country regulator (in the Netherlands), it is nevertheless subject to certain provisions of Belgian law, including provisions protecting the general good that are applicable to foreign investment firms.

Other Applicable Legislation*Law of 11 January 1993 on preventing the use of the financial system for purposes of laundering money and terrorism financing*

Belgium implemented EU Directive 91/308 of 10 June 1991 on the prevention of the use of the financial system for the purpose of money laundering (amended by EU Directive 97/2001 of 4 December 2001) in the Law of 11 January 1993 on preventing the use of the financial system for purposes of laundering money and terrorism financing (as amended by, among others, the Law of 12 January 2004).

This legislation constitutes a preventive system imposing a number of obligations in relation to money laundering and the financing of terrorism. Adequate client identification is an important part of these obligations. If, *inter alia*, an insurance company, a credit or financial institution suspects that a transaction is related to money laundering, it must promptly notify an independent administrative authority, the Belgian Financial Intelligence Unit. The unit is designated to receive reports on suspicious transactions, to investigate them and, if necessary, to report to the criminal prosecutors to initiate proceedings.

Belgian Data Protection Act

The Belgian Data Protection Act (the **BDPA**) of 8 December 1992, amended to implement EU Directive 95/46/EC of 4 October 1995 on the protection of individuals with regard to the processing of personal data and the free movement of such data, imposes restrictions on the collection, use and other forms of processing of personal data.

Under the BDPA, personal data may only be processed if the criteria for making data processing legitimate is met. This safeguard is a prerequisite for all contemplated data

processing. If the data processing is indeed legitimate (i.e. if one of the statutory criteria applies), then such processing must at all times comply with the rules set out in the BDPA.

Each processing of personal data must in principle be notified to the Belgian Commission on the Protection of Privacy (although certain exceptions exist). Stringent procedures, such as access rights and security, are required for sensitive data, such as medical and judicial data.

GERMAN REGULATORY FRAMEWORK

The insurance, banking and financial services businesses of the Group's German subsidiaries are subject to German regulatory laws, rules, legislation and supervision.

Delta Lloyd Deutschland A.G. (**Delta Lloyd Deutschland**) operates as holding company for the Group's German insurance, banking and financial services operating subsidiaries within the Group. Delta Lloyd Deutschland's German subsidiaries are supervised by the BaFin which monitors and enforces regulatory standards for insurance companies, banks and financial services institutions.

This section provides a general overview of key aspects of the German regulatory framework that the businesses of the Group's German subsidiaries are subject to.

Insurance and Insurance Related Regulation

German insurance companies are subject to comprehensive regulation under the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz*). The BaFin monitors and enforces compliance with, *inter alia*, German insurance laws, applicable accounting standards, risk management and other technical and administrative regulations, investment and solvency provisions and requirements regarding protection schemes in favour of policyholders.

German insurance companies are required to provide the BaFin with any information necessary to ascertain their economic and financial status. The sources of information include, *inter alia*, audit reports, annual reports and forms that an insurance company has to complete for statistical purposes.

In 2008, the BaFin issued minimum requirements with reference to the German Insurance Supervisory Act. These are the so called "MaRisk" (*Mindestanforderungen an das Risikomanagement der Versicherungsunternehmen*). To fulfil these minimum requirements, insurance companies have to, *inter alia*, implement an independent risk controlling and audit function, an adequate monitoring and controlling system for all main business processes, an integrated risk management system for all relevant risks and have to document all relevant processes and decisions.

Banking and Banking Related Regulation

The banking and financial services activities of the Group's German subsidiaries are extensively regulated and supervised by the BaFin and the German Central Bank (*Deutsche Bundesbank*) (the **Bundesbank**) in accordance with the German Banking Act (*Kreditwesengesetz*) and the German Securities Trading Act (*Wertpapierhandelsgesetz*). In conjunction with the Bundesbank, the BaFin monitors and enforces compliance with, *inter alia*, capital adequacy and liquidity requirements, requirements as to organisational structures and qualified managers, appropriate internal risk control and risk management requirements, lending limits and restrictions on certain activities imposed by the German Banking Act and the German Securities Trading Act.

The BaFin has the authority to request information and documentation on business matters from German credit institutions and financial services institutions. Such institutions have to submit periodic reports, annual accounts and audit reports to the BaFin. Further, a German credit institution or financial services institution must report its large credits to the Bundesbank and must notify the BaFin and the Bundesbank if it exceeds certain limits.

Other Applicable Legislation

German Money Laundering Act

The German Money Laundering Act (*Geldwäschegesetz*) applies to financial institutions such as credit institutions, financial services institutions, insurance broker companies and life insurance companies. Such companies must identify: (i) with whom they intend to establish a continuous business relationship; (ii) each customer with whom they enter into a transaction, or a series of related transactions, worth EUR 15,000 or more; (iii) if the circumstances indicate customer involvement in money laundering or terrorist funding activities; or (iv) in case of any doubts, as to the correctness of existing statements made as to the identity of the customer. Any suspicious transaction indicating money laundering or terrorist funding activities must be reported to the competent authorities. Financial institutions must have internal safeguards against being misused for purposes of money laundering such as the appointment of a money laundering officer.

German Data Protection Act

The German Data Protection Act (*Bundesdatenschutzgesetz*) (**BDSG**) was revised in 2001 implementing EU Directive 95/46/EC of 4 October 1995 on the protection of individuals with regard to the processing of personal data and the free movement of such data and imposes restrictions on the collection, use and other forms of processing of personal data. Latest amendments to the BDSG were made in 2009.

Under the BDSG personal data (i.e. information relating to an individual identified or identifiable natural person) may only be processed if statutory criteria for making data processing legitimate is met. This safeguard is a prerequisite for all contemplated data processing. If the data processing is indeed legitimate (i.e. if one of the statutory criteria applies), then such processing must at all times comply with the rules set out in the BDSG. There is no specific data protection law in the insurance industry.

Description of Share Capital and Corporate Structure

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Set out below is a summary of relevant information concerning the Shares, the Articles of Association and certain provisions of Dutch law. On 12 October 2009, the General Meeting resolved to amend the articles of association effective from the Settlement Date. Below is a summary of those amended Articles of Association.

This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the Articles of Association or with Dutch law, as the case may be. The full text of the Articles of Association is incorporated in this Prospectus by reference and will be available free of charge for 12 months following the date of this Prospectus, in Dutch and in English, at the Company's head office and will continue to be available on the Company's website (see also "[General Information – Availability of Documents](#)"). In the event of any discrepancy between the Dutch version and the unofficial English translation, the Dutch version prevails.

CORPORATE PURPOSE

Pursuant to Article 3 of the Articles of Association, the Company's objects and purposes are 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 and to perform all acts which directly or indirectly may be conducive to such objects.

DUTCH FULL LARGE COMPANY REGIME

The Dutch full large company regime (*volledig structuurregime*) applies to the Company. Companies to which the Dutch full large company regime applies are obliged by law to have a supervisory board. The general meeting appoints the members of the supervisory board on the nomination of the supervisory board. The general meeting may reject the nomination by an absolute majority of the votes cast by shareholders representing at least one-third of the issued share capital.

The general meeting and the works council both have a right of recommendation regarding the appointment of supervisory board members. One-third of the members of the supervisory board must be nominated on the basis of the enhanced recommendation (*versterkt aanbevelingsrecht*) of the works council. For these members of the supervisory board, the supervisory board can only object to the recommendation of the works council on the grounds that the recommended candidate is not suitable to fulfil the duties of a supervisory board member or that the supervisory board will not be properly composed if the nominated candidate would be appointed. For a more detailed description of the appointment of the Supervisory Board. See "[Executive Board, Supervisory Board and Employees – Supervisory Board](#)".

The supervisory board has extensive powers under the Dutch full large company regime. Major strategic and organisational decisions taken within a company require the approval of the supervisory board. The supervisory board is also charged with the appointment and dismissal of the members of the executive board. The supervisory board shall notify the general meeting and the works council of the intended appointment of a member of the executive board. The supervisory board shall only dismiss a member of the executive board after the general meeting and the works council have been given the opportunity to be heard about the proposed dismissal. See "[Executive Board, Supervisory Board and Employees – Executive Board](#)".

COMPOSITION OF THE SHARE CAPITAL

Historic overview of the share capital

Set out below is an overview of the amount of the authorised share capital for the years 2006, 2007 and 2008 and the number of Shares outstanding in these years. The overview demonstrates that there have been no changes to the share capital in the years 2006, 2007 and

2008, other than changing the nominal value of the Shares from a Dutch Guilder (**NLG**) denomination into a euro denomination and a share split.

	31 December 2006		31 December 2007		31 December 2008	
	Authorised share capital (in NLG)	Outstanding Shares	Authorised share capital (in NLG)	Outstanding Shares	Authorised share capital (in EUR)	Outstanding Shares
Ordinary Shares⁽¹⁾	100,000,000	3,300,004	100,000,000	3,300,004	50,000,000	29,949,531
Preference Shares A⁽²⁾	30,000,000	1,026,087	30,000,000	1,026,087	15,000,000	9,312,360
preference shares B⁽³⁾	170,000,000	170,000	170,000,000	170,000	85,000,000	1,542,853
Total	300,000,000		300,000,000		150,000,000	

(1) In the years 2006 and 2007 (and before) the Ordinary Shares had a nominal value of NLG 20. As from 14 July 2008, the nominal value of the Ordinary Shares is EUR 1.00.

(2) In the years 2006 and 2007 (and before) the Preference Shares A had a nominal value of NLG 20. As from 14 July 2008, the nominal value of the Preference Shares A is EUR 1.00.

(3) In the years 2006 and 2007 (and before) the preference shares B had a nominal value of NLG 1,000. As from 14 July 2008, the nominal value of the preference shares B is EUR 50.

Current shareholdings

At the date of this Prospectus, the Company has two Shareholders: the Selling Shareholder, with an interest of 92% in the total issued share capital of the Company and Fonds NutsOhra, with an interest of 8% in the total issued share capital of the Company. The Selling Shareholder holds 29,949,531 Ordinary Shares and 1,542,853 preference shares B, in the aggregate corresponding to 92% of the voting rights. Fonds NutsOhra holds 9,312,360 Preference Shares A, corresponding to 8% of the voting rights. All outstanding Shares are paid up. Furthermore, the Selling Shareholder and Fonds NutsOhra each hold a warrant, which comprises the right to subscribe for Ordinary Shares immediately prior to the First Trading Date. See “Major Shareholders and Related Party Transactions – Related Party Transactions” for a further description of the Selling Shareholder’s and Fonds NutsOhra’s warrant.

Restructuring of the share capital

Prior to the First Trading Date, the Company will repurchase from Fonds NutsOhra 6,708,061 Preference Shares A for their nominal value plus accrued and not yet paid dividend. Furthermore, the Company will repurchase from the Selling Shareholder 1,542,853 preference shares B for an agreed amount of EUR 40 million; the purchase price of EUR 40 million will, however, remain due and payable (see below). Following the repurchase of the preference shares B, the Company will convert the 1,542,853 preference shares B with a nominal value of EUR 50 each, into 77,142,650 Ordinary Shares with a nominal value of EUR 1.00 each. Subsequently, the Company will sell to the Selling Shareholder as many Ordinary Shares as results from dividing the amount of EUR 40 million by the Offer Price. The purchase price of EUR 40 million payable by the Selling Shareholder to the Company for the purchase of such Ordinary Shares will be set off against the purchase price payable by the Company to the Selling Shareholder for the repurchase of the preference shares B which remained due. The Preference Shares A held by the Company in its own capital after the repurchase from Fonds NutsOhra and any Ordinary Shares held by the Company in its own capital after the repurchase from the Selling Shareholder (held in treasury) will subsequently be cancelled after the First Trading Date, on expiry of the statutory waiting period of two months applicable to the cancellation of shares and will thereafter no longer count as Shares that are issued and outstanding.

On the Settlement Date, the Ordinary Shares, each with a nominal value of EUR 1.00, will be split into Ordinary Shares with a nominal value of EUR 0.20 each and the Preference Shares A, each with a nominal value of EUR 1.00, will be split into Preference Shares A with a nominal value of EUR 0.20 each. Hence, each Ordinary Share and each Preference Share A will then have been split into five Ordinary Shares and five Preference Shares A, as the case may be. After this 1:5 share split and after all treasury Shares have been cancelled, the Company’s authorised share capital will amount to EUR 150,000,000, divided into:

- 360,000,000 Ordinary Shares with a nominal value of EUR 0.20 each;
- 15,000,000 Preference Shares A with a nominal value of EUR 0.20 each; and
- 375,000,000 Protective Preference Shares with a nominal value of EUR 0.20 each.

Potential future conversion of Preference Shares A into Ordinary Shares

Following the repurchase of the 6,708,061 Preference Shares A by the Company from Fonds NutsOhra and following the 1:5 share split, Fonds NutsOhra will hold 13,021,495 Preference Shares A. Fonds NutsOhra has the right to convert these Preference Shares A on a 1:1 basis into newly issued Ordinary Shares. Fonds NutsOhra has agreed with the Company that it will not convert its Preference Shares A during the first three years following the First Trading Date. See “Major Shareholders and Related Party Transactions – Related Party Transactions”.

REGISTER OF SHAREHOLDERS

Following the restructuring and the cancellation, the Company's share capital is divided into Ordinary Shares, Preference Shares A and Protective Preference Shares. All Shares are registered shares. No share certificates will be issued. The Executive Board keeps a register in which the names and addresses of holders of Ordinary Shares, Preference Shares A and Protective Preference Shares 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 register also includes the names and addresses of persons holding certain rights *in rem* (usufructuaries (*vruchtgebruikers*) and pledgees (*pandhouders*)) in respect of such Shares. In the event that Shares have been transferred to an associated institution for admission into a collective deposit or to Euroclear Nederland for admission into a giro depot, the name and address of the associated institution or Euroclear Nederland, respectively, shall also be entered in the register. The names of persons holding book-entry rights with respect to Ordinary Shares included in the deposit system pursuant to the Dutch Securities (Bank Giro Transactions) Act (*Wet giraal effecten verkeer*) (the **Dutch Securities (Bank Giro Transactions) Act**) (the **Deposit System**) through a deposit account with an institution associated with Euroclear Nederland (**Deposit Shares**), are not entered in the register.

ISSUE OF SHARES

At the proposal of the Executive Board, with approval of the Supervisory Board, the General Meeting may resolve to issue Shares, unless the Executive Board has been designated by the General Meeting the authority to issue Shares. A resolution of the General Meeting to issue Shares can only be adopted with a Qualified Majority (as defined herein). A resolution to issue Preference Shares A requires the approval of the meeting of holders of Preference Shares A, regardless of which body has the authority to issue Preference Shares A. In the event of an issue of Protective Preference Shares by a body other than the General Meeting, a General Meeting shall be convened, to be held not later than 20 months after the date on which the Protective Preference Shares were issued for the first time. See “– Anti-Takeover Measures” for a more detailed description of the issue of Protective Preference Shares.

The General Meeting may also, on the proposal of the Executive Board approved by the Supervisory Board, designate the Executive Board as the competent corporate body to resolve to issue Shares. Pursuant to Article 7.3 of the Articles of Association, this designation may be granted to the Executive Board for a period of not more than five years. The Executive Board may, following such designation, issue Shares subject to the approval of the Supervisory Board. The designation may be extended from time to time by the General Meeting, for a period not exceeding five years. Unless the designation provides otherwise, it may not be withdrawn.

On 12 October 2009, the General Meeting resolved to designate the Executive Board, with the approval of the Supervisory Board, as the competent body to issue Ordinary Shares and Protective Preference Shares and to grant rights to subscribe for Ordinary Shares and Protective Preference Shares for a period of three years, to be calculated from the Settlement Date. In its resolution, the General Meeting resolved to restrict the competency of the Executive Board as

regards to the issue of Ordinary Shares to a maximum of 10% of the total issued and outstanding share capital at the time of issue, plus a further issue up to 10% of the total issued and outstanding share capital if an issue occurs as part of a merger or acquisition. The General Meeting did not limit the competency of the Executive Board to issue Protective Preference Shares and to grant rights to subscribe for Protective Preference Shares. This competency of the Executive Board concerns all Protective Preference Shares which are not yet issued of the authorised share capital, as it reads or will read from time to time. After this three-year period, the Executive Board may propose to the General Meeting to extend its designation as the competent body to issue Shares to, together with the right to limit or exclude pre-emptive rights. See “– Pre-emptive Rights”. In the Strategic Investment Agreement, the Company, Aviva and the Selling Shareholder have agreed, however, that as long as Aviva directly or indirectly holds 15% or more of the Shares (excluding the Protective Preference Shares), such proposal shall not include the granting of the delegated authority to issue Shares and to limit or exclude pre-emptive rights for a period of more than 18 months without the approval of Aviva.

Furthermore, the Company, Aviva and the Selling Shareholder have agreed in the Strategic Investment Agreement that the Executive Board will not use its delegated authority to issue Shares if, as a result of such issuance, Aviva’s (direct or indirect) shareholding in the Company would dilute below 50% of the Shares (excluding the Protective Preference Shares) or below 20% of the Shares (excluding the Protective Preference Shares), unless consented to by Aviva, which consent Aviva may grant or withhold at its discretion. This restriction on the use of the delegated authority to issue Shares will terminate when Aviva holds directly or indirectly less than 20% of the Shares (excluding the Protective Preference Shares).

DEPOSITARY RECEIPTS

The General Meeting may, but only pursuant to a proposal of the Executive Board as approved by the Supervisory Board, resolve that the Company cooperates in the issuance of depositary receipts for Shares (**Depositary Receipts**). Holders of Depositary Receipts issued with the Company’s cooperation shall have the rights conferred to them by law.

PRE-EMPTIVE RIGHTS

Upon issuance of Ordinary Shares, each holder of Ordinary Shares has a pre-emptive right in proportion to the aggregate nominal value of its Ordinary Shares. Holders of Ordinary Shares do not have a pre-emptive right upon the issuance of Preference Shares A or Protective Preference Shares. Furthermore, no pre-emptive right exists in respect of Shares that are issued for a consideration other than in cash or Shares issued to employees of the Company or any company belonging to the Group.

At the proposal of the Executive Board, with approval of the Supervisory Board, the General Meeting may resolve to limit or exclude the pre-emptive rights, which resolution requires a Qualified Majority. The General Meeting may also designate the Executive Board, with approval of the Supervisory Board, to resolve to limit or exclude the pre-emptive rights. This designation may be granted to the Executive Board for a specified period of time of not more than five years and only if the Executive Board has also been designated or is simultaneously designated the authority to resolve to issue Shares. The designation may be extended for no longer than five years at a time and only applies as long as the designation to issue Shares is in force.

On 12 October 2009, the General Meeting resolved to designate the Executive Board, with the approval of the Supervisory Board, as the competent body to limit or exclude the pre-emptive rights upon the issuance of Ordinary Shares for a period of three years to be calculated from the Settlement Date, simultaneously with the designation of the Executive Board as the competent body to issue Shares. See “– Issue of Shares”.

REPURCHASE OF SHARES

Under Dutch law, listed public liability companies are permitted to repurchase their own shares up to a maximum of 50% of the nominal amount of the total issued share capital. Accordingly, pursuant to Article 12.2 of the Articles of Association, the Company may acquire fully paid up Shares, provided that either no valuable consideration is given or (i) the distributable part of the shareholders' equity is at least equal to the purchase price; and (ii) the nominal value of the Shares or Depositary Receipts to be acquired, and of the Shares or Depositary Receipts already held or held in pledge by the Company and its subsidiaries, does not exceed 50% of the issued share capital. Pursuant to Article 12.3 of the Articles of Association, acquisition of Shares by the Company in a way other than for no consideration can only take place if the General Meeting has authorised the Executive Board to this effect. In this authorisation, the General Meeting must specify the number of Shares or Depositary Receipts that may be acquired, the manner in which the Shares or Depositary Receipts may be acquired and the price limits within which the Shares or Depositary Receipts may be acquired.

Immediately following the restructuring of the Preference Shares A and the preference shares B and prior to the First Trading Date, the Company will hold 77,142,650 Ordinary Shares minus as many Ordinary Shares as results from dividing EUR 40 million by the Offer Price and 6,708,061 Preference Shares A in its own capital. On 12 October 2009, the General Meeting resolved to the cancellation of these Shares held in treasury. It is expected that the cancellation of these Shares will become effective by the end of December 2009, on expiry of the statutory waiting period of two months applicable to the cancellation of shares.

On 12 October 2009, the General Meeting resolved to authorise the Executive Board to acquire Ordinary Shares or Depositary Receipts through a purchase on a stock exchange or otherwise for a term of 18 months from the Settlement Date. The authorisation relates to 50% of the nominal amount of the total issued share capital of the Company. The acquisition can take place at a share price of at least the nominal value and at a maximum share price equal to the quoted Ordinary Share price plus 10%. The quoted Ordinary Share price is defined as the average of the closing prices of an Ordinary Share as reported in the official price list of Euronext over the five trading days prior to the acquisition date.

Subject to the approval of the Supervisory Board, the Executive Board may resolve to transfer Shares acquired by the Company. No pre-emptive right shall exist in respect of such transfer.

The Company cannot derive any right to any distribution from Shares acquired by the Company. Furthermore, 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 to a pledge in favour of a company other than the Company or a subsidiary, in which case, the other company may be entitled to the voting rights on the Shares. The Company may not exercise voting rights for Shares in respect of which the Company or a subsidiary has a right of usufruct or a pledge.

CAPITAL REDUCTION

At the proposal of the Executive Board, with approval of the Supervisory Board, the General Meeting may resolve to reduce the issued share capital (i) by cancellation of Shares; or (ii) by reducing the nominal value of Shares by an amendment to the Articles of Association. A resolution to cancel Shares can only relate (a) to Shares held by the Company or for which the Company holds Depositary Receipts; or (b) if repayment is made, to all Preference Shares A or all Protective Preference Shares. A resolution of the General Meeting to reduce the issued share capital of the Company requires a Qualified Majority.

A reduction in the number of Shares without repayment and without release from the obligation to pay up the Shares shall take place proportionally on Shares of the same class. The requirement of proportion may be foregone with the consent of all concerned Shareholders. 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 value of the Shares.

TRANSFER OF SHARES, TRANSFER RESTRICTIONS AND NOTIFICATION

A transfer of a registered Share or of a restricted right thereto requires a deed of transfer drawn up for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the transfer.

If a registered Share is transferred for inclusion in a collective deposit, the concerned institution associated with Euroclear Nederland shall accept the transfer. If a registered Share is transferred for inclusion in a book-entry deposit, Euroclear Nederland shall accept the transfer. The cooperation of the other participants in a collective deposit and the cooperation of other institutions associated with Euroclear Nederland is not required for the transfer and acceptance of Deposit Shares.

Unless the transfer of Deposit Shares has been restricted, an institution associated with Euroclear Nederland is authorised to transfer Deposit Shares from its collective deposit, without cooperation of the other participants in the collective deposit. Furthermore, an institution associated with Euroclear Nederland is authorised to transfer Shares for inclusion in the book-entry deposit without the cooperation of other participants. To the extent that transfers have not been restricted, Euroclear Nederland is authorised without the cooperation of the other participants to transfer Shares out of the book-entry deposit for inclusion in a collective deposit.

Deposit Shares cannot be delivered out of the Deposit System unless the Executive Board has given its consent. In any event, the Executive Board shall honour a request to deliver Deposit Shares out of the Deposit System if the applicant will become a direct holder of at least 5% of the Shares upon delivery or, as a consequence of the acquisition, such an interest will be increased.

The approval of the Executive Board (subject to consultation with the Supervisory Board) is required for every transfer of Preference Shares A. The approval must be in writing and include the name and address of the intended acquirer.

Any party, except for a subsidiary of Aviva, who obtains Ordinary Shares through an offering or block trade (other than in regular trading on Euronext Amsterdam) from Aviva or the Selling Shareholder, or from a subsidiary or group company of Aviva, representing 5% or more of the issued Ordinary Shares must forthwith notify the Company in writing with confirmation of receipt. The notification must be accompanied by a written confirmation from Aviva to the concerning Shareholder and to the Company that the Ordinary Shares were acquired by a party who does not qualify as a “competitor strategic investor”, as defined in the Strategic Investment Agreement. See “Major Shareholders and Related Party Transactions – Strategic Investment Agreement”.

In the event that, and for the period during which the party obliged to notify does not meet or is not able to meet its obligation to notify in accordance with Article 16 of the Articles of Association, the voting rights, the right to attend the General Meeting and the right to distributions relating to the Ordinary Shares so acquired from Aviva are suspended. The party obliged to notify may exercise its suspended rights as referred to in the Articles of Association as soon as it has reduced its interest to less than 5% of the Ordinary Shares or as soon as it has provided the Company with the required notification. The Company may grant dispensation from the obligations and consequences as provided for in Article 16 of the Articles of Association. A resolution to that effect by the Executive Board requires the approval of the Supervisory Board.

Pursuant to the Strategic Investment Agreement, each of Aviva’s and the Selling Shareholder’s remaining shareholdings are subject to a lock-up period of 180 days after the Settlement Date and furthermore certain transfer restrictions are applicable, pursuant to which Aviva and/or the Selling Shareholder may reduce its holding in the Company after the expiry of the lock-up period, whilst maintaining an orderly market. See “Major Shareholders and Related Party Transactions – Strategic Investment Agreement”.

EXECUTIVE BOARD AND SUPERVISORY BOARD INDEMNITY

Members of the Executive Board and Supervisory Board are protected from certain liabilities arising in the course of their service through an indemnity clause included in Article 31 of the Articles of Association. The Company indemnifies every member of the Executive Board and the Supervisory Board and holds them harmless from and against any liability and all claims, decisions, penalties and loss that the relevant member of the Executive Board or the Supervisory Board has suffered in connection with imminent, pending or terminated actions, investigations or other civil, criminal or administrative proceedings initiated by a party not being part of the Group, as a result of acts or omissions in their capacity as a member of the Executive Board or Supervisory Board or a related capacity.

The Company shall reimburse all costs (including reasonable attorney's fees and procedural costs) that the member of the Executive Board or the Supervisory Board had to bear in connection with any proceedings referred to above, but only upon receipt of a written undertaking by the relevant member of the Executive Board or the Supervisory Board that he or she will repay such costs if a competent court establishes that he or she is not entitled to be reimbursed in this manner. Costs include any taxes payable by a member of the Executive Board or the Supervisory Board on the basis of the indemnification granted to them.

Reasonable attorney's fees and procedural costs incurred by members of the Executive Board or the Supervisory Board in connection with an action brought by a company belonging to the Group shall also be reimbursed by the Company, but only after receipt of a written undertaking by the relevant member of the Executive Board or the Supervisory Board that he shall repay such fees and costs if a competent court of last resort rules in favour of the company belonging to the Group.

Members of the Executive Board and the Supervisory Board shall not accept any personal financial liability vis-à-vis third parties and shall not enter into any advance pricing agreement in this respect without the Company's prior written permission. The Company and the relevant member of the Executive Board or the Supervisory Board shall make reasonable efforts to cooperate in order to reach agreement on the manner of defence for any claim referred to above. If, however, the Company and the relevant member of the Executive Board or the Supervisory Board fail to reach agreement, the relevant member of the Executive Board or the Supervisory Board shall follow all instructions given by the Company at its own discretion.

Executive Board and Supervisory Board members are not indemnified to the extent that claims, decisions, penalties and loss relate to personal gain, benefits or fees to which the member was not entitled to at law, or if the member's liability on account of gross negligence (*grote nalatigheid*), wilful misconduct (*opzet*) or deliberate recklessness (*bewuste roekeloosheid*) has been established by a competent court of last resort.

GENERAL MEETING

The annual General Meeting shall be held in June at the latest following the end of each financial year. The purpose of the annual General Meeting is to discuss, *inter alia*, the annual report, the adoption of the annual accounts, the release of the members of the Executive Board from liability, the release of the members of the Supervisory Board from liability, reservations and the dividend policy and the distribution of dividends. General Meetings must be held in the municipality of Amsterdam.

Extraordinary General Meetings are held as often as the Executive Board or the Supervisory Board deems necessary, without prejudice to the provisions of Articles 2:111 and 2:112 of the Dutch Civil Code.

The annual General Meetings and extraordinary General Meetings shall be convened by the Supervisory Board or the Executive Board by sending a convening notice to the Shareholders and the holders of Depositary Receipts. The notice convening a General Meeting shall be given no later than the day prescribed by law (currently 15 days). In addition, pursuant to Article 2:110 of the Dutch Civil Code, one or more Shareholders, who jointly represent at least 1% of

the issued share capital or such lesser amount as is provided by the Articles of Association, may, on application, be authorised by the court in interlocutory proceedings of the district court to convene a General Meeting.

The notice of a General Meeting shall include the location and the time of the meeting, an agenda indicating the items for discussion and any proposals for the agenda. Shareholders representing solely or jointly at least the threshold as set by law (currently 1% of the Company's issued share capital or a market value of EUR 50 million or more) have the right to request the Executive Board and the Supervisory Board to include subjects on the agenda of the General Meeting. The Executive Board and the Supervisory Board shall agree to these requests, provided that (i) including such subjects does not conflict with any important interests (*zwaarwegende belangen*) of the Company; and (ii) the request was submitted in writing to the Executive Board or the Supervisory Board at least 60 days before the date of the General Meeting.

The General Meeting shall be presided over by the chairman of the Supervisory Board who, even if present at the meeting, may appoint someone else to chair the meeting. Without the chairman of the Supervisory Board having appointed someone else to chair the meeting in the chairman's absence, the Supervisory Directors present will appoint one of their members as chairman. In the absence of all Supervisory Directors, the General Meeting itself shall appoint its chairman. The chairman shall appoint the secretary.

ADMISSION TO THE GENERAL MEETING

Each Shareholder entitled to vote, and each usufructuary and pledgee to whom the right to vote on the Shares accrues, shall be authorised to attend the General Meeting, to address the General Meeting and to exercise their voting rights. Each Shareholder who is not entitled to vote and each holder of Depositary Receipts is authorised to attend the General Meeting and to address the meeting, but not to vote, it being understood that the latter provision with regard to holders of Depositary Receipts does not apply to usufructuaries and holders of a right of pledge who are entitled to vote on the Shares encumbered with usufruct and pledge, respectively.

Those entitled to attend a General Meeting may be represented at a General Meeting by a proxy authorised in writing.

Members of the Executive Board and members of the Supervisory Board may attend a General Meeting. In these General Meetings, they have an advisory role.

VOTING RIGHTS

Each Shareholder is entitled to cast one vote per Share held. The voting rights of the holders of Offer Shares and Additional Shares, if any, will rank *pari passu* with each other and with all other Ordinary Shares.

Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast.

Certain resolutions, such as those to increase or reduce the Company's share capital or limit pre-emptive rights, may only be passed by a Qualified Majority. Pursuant to the Articles of Association, a Qualified Majority means at least two-thirds of the votes cast in a meeting in which at least two-thirds of the issued capital is present or represented. If less than two-thirds of the Company's issued capital is present or represented at the meeting, a second meeting shall be held in which the Qualified Majority means at least two-thirds of the votes cast regardless of the amount of the Company's issued share capital that is present or represented at the meeting. If the quorum at the first meeting is not met due to Aviva not being present or represented at the first meeting, Qualified Majority in the first meeting shall mean at least two-thirds of the votes cast, regardless of the amount of the Company's issued share capital that is present or represented at the meeting. In the event that Aviva holds less than 15% of the

issued capital of the Company, Qualified Majority shall mean a majority of two-thirds of the votes cast regardless of any present or represented capital at the meeting.

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 favour of a company other than the Company or 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. Furthermore, the Company or a subsidiary may not 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 may 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 General 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.

Holders of a material number of Ordinary Shares have the same voting rights as other holders of Ordinary Shares.

ANNUAL ACCOUNTS

Annually, within four months after the end of the financial year, the Executive Board shall prepare the annual accounts and shall make them available free of charge for inspection by the Shareholders and holders of Depositary Receipts at the offices of the Company. The Executive Board shall furthermore publish the annual accounts in a public register of the AFM following adoption thereof by the General Meeting and issue a press release announcing the publication of the annual accounts. The annual accounts must be accompanied by an auditor's statement, the annual report and certain other information required under Dutch law. The annual accounts shall be signed by the members of the Executive Board and the Supervisory Board.

The annual accounts, auditor's statement, annual report and other information required under Dutch law must be made available to Shareholders and holders of Depositary Receipts for review from the date of the notice convening the annual General Meeting. The annual accounts shall be adopted by the General Meeting and will be sent to the AFM within five days after adoption.

Within two months after the end of the first six months of the financial year, the Executive Board shall prepare the semi-annual financial reporting and shall make it publicly available. If the semi-annual financial reporting is audited, the auditor will make the auditors statement publicly available as well along with the semi-annual financial reporting.

AUDITOR

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 Article 2:393(3) of the Dutch Civil Code. A resolution on the matter can only be adopted by the General Meeting with a Qualified Majority.

The auditor shall report to the Supervisory Board and the Executive Board with regard to its audit and present the result of its audit in an opinion.

The General Meeting and the party that granted the assignment to an auditor can withdraw the assignment at any time with a Qualified Majority. In addition, the assignment granted by the Executive Board can be withdrawn by the Supervisory Board. The provisions of Article 2:393(2) of the Dutch Civil Code shall also apply to the withdrawal of an assignment to the auditor.

PROFITS AND DISTRIBUTIONS

Dividends and other distributions shall be made payable four weeks after adoption of the annual accounts, unless the General Meeting determines another date at the proposal of the Executive Board. Different payment release dates may be designated for the payment of dividends on Ordinary Shares, the Preference Shares A and the Protective Preference Shares. Claims for dividends shall lapse upon the expiry of five years after the date such dividends were released for payment.

The Company may only make distributions to its Shareholders insofar as shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association.

From the profit as shown in the profit and loss account for the most recently ended financial year, a distribution shall be made at first, where possible, on the Protective Preference Shares of a percentage equal to the average one-monthly EURIBOR (euro interbank offered rate) - weighted to reflect the number of days for which the payment is made - plus a premium, to be determined by the Executive Board, subject to the approval of the Supervisory Board, of at least one percentage point and at most four percentage points, depending on the prevailing market conditions. If the relevant Protective Preference Shares are issued in the course of a financial year the dividend shall be calculated as a proportion of the time lapsed. If and insofar as the profit is not sufficient to fully make the aforementioned distribution, the deficit shall be distributed to the charge of the reserves, with the exception of the Dividend Reserve A and the share premium reserve A. The dividend on the Protective Preference Shares shall be calculated on the paid-up part of the nominal value.

The profit remaining after the distributions, if any, to holders of the Protective Preference Shares, is added to the Dividend Reserve A. The amount added to this Dividend Reserve A is equal to 2.5% of the total nominal value of all issued Preference Shares A, 2.5% of the amount of the Dividend Reserve A and 2.5% of the total amount of share premium reserve A. The aforementioned percentage is increased in the first ten financial years following the financial year in which for the first time an addition to Dividend Reserve A was made, each year with a percent of the last applicable percentage. The percentage shall be increased until the financial year 2009 and the percentage is currently 2.76%.

The General Meeting may not resolve to cancel the Dividend Reserve A. Distributions to the charge of Dividend Reserve A will be made by virtue of a resolution of the meeting of holders of Preference Shares A. A *pro rata* distribution will be made to the holders of Preference Shares A.

From the profit that remains after the distributions, if any, to holders of the Protective Preference Shares and the addition to the Dividend Reserve A, such reservations will be made as the Executive Board determines, with the approval of the Supervisory Board. The profit that remains thereafter shall be at the disposal of the General Meeting, which may declare a dividend on the Ordinary Shares. The distribution rights of the holders of Offer Shares and Additional Shares, if any, will rank *pari passu* with each other and with all other Ordinary Shares.

Subject to the approval of the Supervisory Board, the Executive Board may resolve to distribute an interim dividend on Ordinary Shares, Preference Shares A and/or Protective Preference Shares.

The General Meeting may, but only pursuant to a proposal of the Executive Board as approved by the Supervisory Board, resolve to distribute at the expense of a distributable reserve. At the proposal of the Executive Board, approved by the Supervisory Board, the General Meeting may resolve to distribute profit on the Ordinary Shares - or also charged to a reserve susceptible of distribution - not in cash, but in Shares.

See also "Dividends and Dividends Policy".

AMENDMENT OF ARTICLES OF ASSOCIATION

A resolution to amend the Articles of Association may only be taken by the General Meeting by a Qualified Majority pursuant to a proposal of the Executive Board that has been approved by the Supervisory Board. The Company shall discuss the contents of such proposal to amend the Articles of Association with Euronext before presenting it to the General Meeting. The Company notifies the AFM and Euronext of the draft amendment of the Articles of Association.

The Strategic Investment Agreement provides that no amendment of the Articles of Association may be proposed by the Company, Aviva or the Selling Shareholder that would violate the Strategic Investment Agreement.

DISSOLUTION, MERGER OR DEMERGER

At the proposal of the Executive Board, which has been approved by the Supervisory Board, the General Meeting may resolve to dissolve the Company or to merge or demerge the Company within the meaning of Title 7, Book 2 of the Dutch Civil Code. Such a resolution requires a Qualified Majority.

In the event of the dissolution of the Company pursuant to a resolution of the General Meeting, the members of the Executive Board shall be charged with the liquidation of the business of the Company and the Supervisory Board with the supervision thereof.

In the event of the Company's dissolution and liquidation, the assets remaining after satisfaction of all the Company's debts will be distributed in accordance with the provisions of Dutch law and the Articles of Association. The balance of the assets of the Company after payment of all debts and the costs of the liquidation shall be distributed as follows:

- (a) first, to the extent possible, the holders of Protective Preference Shares shall be paid the amount paid on the Protective Preference Shares increased with a percentage equal to the percentage referred to in Article 44.1 of the Articles of Association, calculated over each year or part of a year in the period commencing on the day following the period over which the last dividend on the Protective Preference Shares was paid and ending on the day of the distribution on Protective Preference Shares;
- (b) then, to the extent possible, the holders of Preference Shares A shall be paid the amount of the balance of the Dividend Reserve A and the share premium reserve A, as well as (i) an amount equal to the amount that would be added to the Dividend Reserve A pursuant to the Articles of Association if the dissolution was to occur on the last day of the current financial year; and (ii) a distribution equal to one or more deficits as referred to in Article 44.2 of the Articles of Association; and
- (c) finally, the remaining balance shall be paid to the holders of Ordinary Shares.

All distributions received by the Shareholders are in proportion to the number of their Shares of the class concerned.

ANTI-TAKEOVER MEASURES

Foundation Continuïteit Delta Lloyd was incorporated on 19 October 2009. The objects of Foundation Continuïteit Delta Lloyd are to promote the interests of the Company, the enterprise affiliated with it and all stakeholders involved. These objects include protecting the Company as much as possible from influences that are contrary to those interests and could jeopardise the continuity, independence or identity of those interests. Foundation Continuïteit Delta Lloyd shall endeavour to achieve these objects by acquiring and holding Protective Preference Shares in the capital of the Company and by exercising the rights attached to those Protective Preference Shares. The objects of Foundation Continuïteit Delta Lloyd do not entail the sale or encumbrance or other disposal of Shares, with the exception of the sale to the Company or to another company assigned by and affiliated in a group with it, as well as the assistance in the repayment or withdrawal of Shares.

To this end, the Company will grant a call option to Foundation Continuïteit Delta Lloyd. Foundation Continuïteit Delta Lloyd will have the right to exercise the call option at any time either wholly or partly. When exercising the call option, Foundation Continuïteit Delta Lloyd is entitled to subscribe for Protective Preference Shares up to a maximum that is equal to 100% of the Company's issued share capital in the form of Ordinary Shares and Preference Shares A outstanding immediately prior to the exercise of the call option, minus one Share. This call option can be exercised by Foundation Continuïteit Delta Lloyd in order to:

- prevent, slow down or complicate an unwanted takeover bid and an unwanted acquisition of Shares by acquisition on the stock market or otherwise;
- prevent concentration of the voting rights in the General Meeting;
- resist unwanted influence on and pressure to amend the strategy of the Company by the Shareholders; and
- with respect to the foregoing, give the Company the opportunity to consider and to explore possible alternatives and, if required, to work these out, in the event that an actual or threatening concentration of control arises among the Shareholder base of the Company, which is considered to be unwanted and not in the interest of the Company and the companies affiliated with it, according to the (provisional) judgement of the Executive Board or the Supervisory Board and the board of Foundation Continuïteit Delta Lloyd, and to enable the Company to neutralise such concentration of control (temporarily).

Within 20 months following the issuance of Protective Preference Shares to Foundation Continuïteit Delta Lloyd, a General Meeting shall be held to decide on the proposal to repurchase or withdraw the outstanding Protective Preference Shares. Any repurchase or withdrawal of Protective Preference Shares shall be without prejudice to the right of Foundation Continuïteit Delta Lloyd to subscribe for Protective Preference Shares again up to the maximum as referred to above, following the repurchase or withdrawal.

Board of Foundation Continuïteit Delta Lloyd

The board of Foundation Continuïteit Delta Lloyd is currently composed of the following members:

Name	Position	Curriculum vitae
H.Th. (Dick) Bouma (1944)	Chairman	Mr. Bouma is a partner at the Dutch law firm Pels Rijcken & Droogleevers Fortuijn. He practices commercial law, insolvency law, arbitration and he provides general and corporate law advice. Mr. Bouma is the deputy Dutch State advocate. He is also a member of the supervisory board of Friesland Zorgverzekeraar.
A. (Aart) van Bochove (1939)	Member	Mr. Van Bochove has held various positions including chief executive officer of Martinair, chairman of Air Traffic Control the Netherlands (Luchtverkeersleiding Nederland), division manager and chairman of the management board of Meneba, senior executive officer at ITT, chairman of Nobo (family-owned company), and Mr. Van Bochove has also been an interim-manager via Boer & Croon.
R.A. (Rob) Ruijter RA (1951)	Member	Mr. Ruijter has held various positions including chief financial officer and member of the management board VNU N.V., Koninklijke Luchtvaart Maatschappij (KLM) and Baan Company N.V., chief financial officer at Philips Lighting and finance & accounts manager at British Petroleum Company. Currently, Mr. Ruijter is interim chief financial officer and member of the management board of ASM International. He is also a member of the supervisory boards of Wavin Group and Unit 4 Agresso N.V.

All members of the board of directors of Foundation Continuïteit Delta Lloyd are independent from the Company. Foundation Continuïteit Delta Lloyd meets the independence requirement as referred to in Article 5:71 (1)(c) of the Dutch Financial Supervision Act.

DISCLOSURE OF HOLDINGS

Shareholders may be subject to notification obligations under the Dutch Financial Supervision Act. The Dutch Financial Supervision Act came into force on 1 January 2007 and implements several provisions of the Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. It is also aimed at simplifying and modernising the notification and disclosure procedures. The following description summarises those obligations.

Shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

The most important notification requirements for the Company's investors with recourse to the Dutch Financial Supervision Act are that:

- any person who, directly or indirectly, acquires or disposes of a capital interest or voting rights in the Company must forthwith give written notice to the AFM of such capital interest and/or voting rights. This notification obligation will exist if an acquisition or disposal causes the total percentage of the capital interest and/or voting rights held to reach, exceed or fall below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%;
- any person whose capital interest or voting rights in the Company reaches, exceeds or falls below a threshold due to a change in the Company's outstanding capital, or in votes that can be cast on the Shares as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the Company's notification. The Company is *inter alia* required to notify the AFM immediately if the Company's share capital or voting rights change by 1% or more since the Company's previous notification; and
- any person with a capital interest or voting rights in the Company reaching or exceeding 5% will be required to notify the AFM of any changes in the composition (actual or potential) of this interest annually within four weeks from 31 December at 24:00 hours.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must be taken into account: (i) Shares directly held (or acquired or disposed of) by any person; (ii) Shares (or Depositary Receipts) held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; and (iii) Shares which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of, including, but not limited to, on the basis of convertible bonds).

Special rules apply to attribution of community of property. A holder of a pledge or right of usufruct in respect of the Shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the Shares or, in the case of Depositary Receipts, the underlying Shares. If a pledgee or usufructarian acquires such (conditional) voting rights, this may trigger reporting obligations for the holder of the Shares (or Depositary Receipts).

Furthermore, each member of the Executive Board and Supervisory Board must immediately give written notice to the AFM by means of a standard form of any change in his or her holding of Shares and voting rights in the Company.

Non-compliance with the notification obligations could lead to criminal fines, administrative fines, imprisonment or other sanctions.

PUBLIC OFFER RULES

In accordance with EU Directive 2004/25/EC each Member State should ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price.

The Directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of the Member State in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

Under Dutch law, the above percentage has been determined to be 30%. Pursuant to Article 5:70 of the Dutch Financial Supervision Act, a party - whether acting alone or in concert with others - that acquires 30% or more of the voting rights of a company whose shares are admitted to trading on a regulated market has to make an offer for the remaining shares of that company. This obligation does not apply to shareholders with existing controlling interests of more than 30% of the voting rights at the effective date of the new public offer rules.

DUTCH SQUEEZE-OUT PROCEEDINGS

If a person or company or group company holds a total of at least 95% of a company's issued share capital by nominal value for its own account (the "controlling entity"), Dutch law permits the controlling entity to acquire the remaining shares in the company by initiating proceedings against the holders of the remaining shares. The price to be paid for such shares will be determined by the Enterprise Chamber.

The implementation of EU Directive 2004/25/EC in Article 2:359c of the Dutch Civil Code also entitles minority shareholders that have not previously tendered their shares to the right of a squeeze-out, if the Controlling Entity has acquired at least 95% of the class of shares subject to the public offer and represents at least 95% of the total voting rights attached to these shares.

MARKET ABUSE REGIME

Insiders of a company, as described in Article 5:60 of the Dutch Financial Supervision Act, are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in shares or in securities of which the value is at least in part determined by the value of such shares.

Insiders of a company as described in Article 5:60 of the Dutch Financial Supervision Act include: (i) members of the executive board; (ii) members of the supervisory board; and (iii) persons who have a managerial position within the company and in that capacity are authorised to make decisions which have consequences for the future development and prospects of the company and can have access to inside information on a regular basis.

In addition, certain persons designated by the Dutch Market Abuse Decree (*Besluit Marktmissbruik wft*) (the **Dutch Market Abuse Decree**) who are closely associated with the members of the Executive Board, the Supervisory Board or any other insider referred to above, must notify the AFM of the existence of any transaction conducted for their own account relating to the shares or securities of which the value is at least in part determined by the value of such shares.

The Dutch Market Abuse Decree designates the following categories of persons as being closely associated for the purposes of the Dutch Market Abuse Decree: (i) the spouse or any partner considered by national law as equivalent to a spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, among other things, managed or controlled by members of the Executive Board, the Supervisory Board or any other insiders referred to above.

This notification must be made no later than the fifth business day following the transaction date. The notification pursuant to Article 5:60 of the Dutch Financial Supervision Act may be delayed until the moment that the value of the transactions performed for that person's own account, together with the transactions carried out by the persons closely associated with that person, reach or exceed an amount of EUR 5,000 in the calendar year in question.

The Group has adopted an internal code on inside information in respect of the holding of and carrying out of transactions with respect to the Shares by the members of its Executive Board, Supervisory Board and employees. Furthermore, the Group has drawn up a list of those persons working for the Group who could have access to inside information on a regular or incidental basis and has informed the persons concerned of the rules on insider trading and market manipulation, including the sanctions which can be imposed in the event of a violation of those rules.

Non-compliance with the reporting obligations under the Dutch Financial Supervision Act could lead to criminal fines, administrative fines, imprisonment or other sanctions. In addition, non-compliance with the reporting obligations under the Dutch Financial Supervision Act may lead to civil sanctions.

Executive Board, Supervisory Board and Employees

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The Company has a two-tier board structure consisting of an Executive Board and a Supervisory Board, in accordance with the Dutch full large company regime applicable to it. The Executive Board is the executive body and is responsible for the day-to-day management of the Company and for the Company's strategy, policy and operations. The Supervisory Board supervises and advises the Executive Board. Additionally, as the full large company regime is applicable, the Supervisory Board appoints members of the Executive Board. The Supervisory Board's approval is required for certain important decisions of the Executive Board. The members of the Supervisory Board are appointed by the General Meeting based on nominations by the Supervisory Board.

EXECUTIVE BOARD

Executive Board Practices

The Executive Board is responsible for the management of the Company under the supervision of the Supervisory Board. At least once a year, the Executive Board submits a written report to the Supervisory Board outlining the Company's strategy, the general and financial risks faced by the Company and the management and control systems of the Company.

The Executive Board is responsible for formulating the Company's strategy and policies such as the introduction of value-based management, capitalisation and allocation, potential mergers and acquisitions, strategic alliances and the setting and achievement of the Company's objectives. The Executive Board is ultimately responsible for the Group's strategy and long-term planning in particular, as well as its internal control systems. It also takes all important decisions in consultation with the Company's relevant management teams and, as stipulated by the applicable statutory and regulatory frameworks, the central works council and local works councils.

The Executive Board must consist of at least two members, with the total number of members of the Executive Board determined by the Supervisory Board. The members of the Executive Board are appointed by the Supervisory Board. Prior to appointing a member of the Executive Board, the Supervisory Board must inform the General Meeting and the Central Works Council of the proposed appointment. In addition, the Supervisory Board appoints a chairperson and may appoint a vice-chairperson from amongst the members of the Executive Board. The Supervisory Board is also entitled to temporarily suspend and to dismiss members of the Executive Board. However, the Supervisory Board is only entitled to dismiss a member of the Executive Board after the General Meeting and the Central Works Council have been given the opportunity to provide their views on the dismissal.

The Executive Board as a whole is entitled to represent the Company. Additionally, each member of the Executive Board is solely authorised to represent the Company.

In the event of a conflict of interest between the Company and a member of the Executive Board, the Executive Board as a whole as well as each Executive Board member is still authorised to represent the Company, unless the General Meeting has appointed one or more other persons to represent the Company in the case at hand or in general in the event of such a conflict. A resolution of the Executive Board with respect to a matter involving a conflict of interest with an Executive Board member in a private capacity shall be subject to the approval of the Supervisory Board, but the absence of such approval shall not affect the authority of the Executive Board or the Executive Board members to represent the Company.

Certain resolutions of the Executive Board identified in the Articles of Association require the approval of the Supervisory Board. Furthermore, the Executive Board requires the approval of the General Meeting for resolutions regarding a significant change in the identity or nature of the Company or its business, which resolution may only be adopted by the General Meeting by a Qualified Majority. Certain resolutions can only be made at the proposal of the Executive Board. See "[Description of Share Capital and Corporate Structure](#)".

In the event that all Executive Board members are unable to act or are absent, the Supervisory Board will temporarily assume management control. In such an event, the Supervisory Board is authorised to designate one or more temporary Executive Board members.

Pursuant to the Articles of Association and pursuant to (most of) the provisions in the Dutch corporate governance code (see “Corporate Governance”), the Executive Board has adopted by-laws governing its internal organisation. These rules may be amended from time to time and without any prior notification by the Executive Board. Such by-laws shall, prior to any amendment, be submitted to the Supervisory Board.

The remuneration for the individual members of the Executive Board is set by the Supervisory Board in accordance with a remuneration policy. The Supervisory Board makes a proposal on the remuneration policy which the General Meeting can then choose to adopt. Simultaneously, the proposal on the remuneration policy is required to be provided in writing to the Central Works Council for its information. Other contractual terms of employment of the Executive Board members are determined by the Supervisory Board. Any proposal by the Supervisory Board to grant members of the Executive Board Shares or rights to acquire Shares in the share capital of the Company must be submitted for approval by the General Meeting.

Executive Board Members

As at the date of this Prospectus, the members of the Executive Board are:

N.W. (Niek) Hoek (1956)

Mr. Hoek has Dutch nationality. He was first appointed to the Executive Board in 1997 and was appointed as its chairman in 2001.

Mr. Hoek obtained a Masters degree in Business Economics at the Vrije Universiteit Amsterdam, the Netherlands in 1981. Mr. Hoek is a member of the supervisory board of NIBC Bank N.V. Other positions currently held by Mr. Hoek include vice-chairman of the supervisory board of Stadsherstel Amsterdam N.V., member of the board of the Dutch Association of Insurers, member of the supervisory board of Opvangregeling Leven I N.V. (affiliated company of the Dutch Association of Insurers), member of the advisory council of RSM Erasmus University Rotterdam, vice-chairman of the executive committee of Stichting Klachteninstituut Financiële Dienstverlening, vice-chairman of the board of overseers of Stichting Nederlands Philharmonisch Orkest, member of the board of overseers of the Zuiderzeemuseum and member of the advisory board of Waterland Private Equity Investments. Mr. Hoek is a former chairman of the board of the Dutch Association of Insurers.

P.J.W.G. (Peter) Kok (1954)

Mr. Kok has Dutch nationality. He was appointed to the Executive Board in 2001. He is the chief financial officer of the Company.

Mr. Kok graduated from the Nyenrode Business School, the Netherlands in 1976 and obtained a Law degree at the University of Utrecht in 1987. Mr. Kok participated in the Advanced Management Programme at Wharton Business School in Philadelphia, USA in 2000. Mr. Kok is a chairman of the Delta Lloyd and OHRA investment funds. Mr. Kok is a member of the supervisory board of Triodos Beleggingsfondsen, a member of the boards of the Dutch Fund Association and the Dutch Securities Institute, chairman of the investment policy committee of the Dutch Association of Insurers. Mr. Kok is a vice-chairman of the board of the Delta Lloyd pension fund.

- P.K. (Paul) Medendorp (1954)** Mr. Medendorp has Dutch nationality. He was appointed to the Executive Board in 2003.
Mr. Medendorp graduated from the Hogere Hotelschool in the Hague in 1979. He participated in the General Management Programme at CEDEP, Fontainebleau, France in 1999 and the Advanced Management Programme at Wharton Business School in Philadelphia, US in 2004.
Mr. Medendorp is a member of the advisory councils of Business School Netherlands and of SEO (*Stichting Economisch Onderzoek*) and a member of the board of Amsterdam Partners. Mr. Medendorp will be a member of the supervisory board of Andus Group B.V. as of the end of 2009.
- H.H. (Henk) Raué (1951)** Mr. Raué has Dutch nationality. He was appointed to the Executive Board in 2007.
Mr. Raué graduated from the University of Applied Science (HTS), Zwolle, the Netherlands in 1973 with a degree in Electronics. In 1978, he graduated from the University of Science, Eindhoven, the Netherlands, where he obtained his Masters degree in Industrial Engineering & Management.
Mr. Raué participated in the Advanced Management Programme at Wharton Business School in Philadelphia, USA in 2005. Mr. Raué is the chairman of the board of the Delta Lloyd pension fund, a member of the supervisory board of NewPEL Group. Mr. Raué is a former member of the supervisory board of Housing Corporation 'De Alliantie', a former member of the supervisory board of DAS Nederlandse Rechtsbijstand Verzekeringen N.V., a former member of the supervisory board of ArboNed N.V., a former member of the supervisory board of Combined Computer Services B.V. and a former member of the supervisory board of Latei Projectontwikkeling.

The Company's registered address is the business address of the Executive Board members: Amstelplein 6, 1096 BC Amsterdam, the Netherlands.

Allocation to Executive Board Members

Each of the Executive Board members shall purchase Offer Shares in the Offering. Mr. Hoek will purchase Offer Shares for an amount of EUR 200,000 and the other Executive Board members will purchase Offer Shares for an amount of EUR 100,000 each. All Offer Shares purchased by Executive Board members shall be allocated on a preferential basis. Executive Board members do not qualify for the Employee Allocation. For further details see "The Offering – Employee Allocation".

Employment Agreements of the Executive Board

The members of the Executive Board are employed by the Company on the basis of an employment agreement.

Each of Messrs. P.K. Medendorp, P.J.W.G. Kok and N.W. Hoek have entered into an employment agreement with the Company for an indefinite term.

Mr. Raué has entered into an employment agreement with the Company for a fixed term ending 1 April 2011. If Mr. Raué's employment agreement is not extended beyond that date, he will receive an unconditional bridging benefit from the Group of EUR 290,368 gross per year until 1 March 2013, indexed biennially from 2007. This bridging benefit is pensionable and shall be payable in twelve equal instalments per annum.

None of the employment agreements of Messrs. P.K. Medendorp, P.J.W.G. Kok and N.W. Hoek provide for a specific severance payment upon termination of their employment.

All employment agreements of the members of the Executive Board can be terminated with a notice period of six months.

Potential Conflicts of Interest

The Company is not aware of any potential conflicts between any duties of the members of the Executive Board and their private interests and/or other duties.

The Company is not aware of: (i) any convictions of members of the Executive Board for fraud or fraud-related offences in the last five years; (ii) any bankruptcies, receiverships or liquidations of any entities with which members of the Executive Board were associated in the last five years other than liquidation of companies within the Group in the ordinary course of business; or (iii) any official public incrimination and/or sanctions of any members of the Executive Board by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last five years.

SUPERVISORY BOARD

Supervisory Board Practices

The Supervisory Board monitors and supervises the policies of the Executive Board, the Company's general course of affairs and the Company's business. The Supervisory Board may also, on its own initiative, provide the Executive Board with advice and may request any information from the Executive Board that it deems appropriate. In performing their duties, Supervisory Board members must serve the interests of the Group and its business as a whole. The Supervisory Board is collectively responsible for carrying out its duties.

Pursuant to the Articles of Association, the Supervisory Board must consist of at least three members. The Supervisory Board determines, in consultation with the Executive Board, the number of Supervisory Board members with due observance of this minimum. See "– Strategic Investment Agreement". Only natural persons can be Supervisory Board members. The following persons cannot be appointed as Supervisory Board members: (i) persons employed by the Company or by a Dependent Company; and (ii) managers, or persons employed by an employee organisation that is regularly involved in the determination of the employment conditions of such persons.

Supervisory Board members are in principle appointed for a term of four years and may be reappointed twice, each for a further term of four years, unless there are exceptional circumstances. Supervisory Board members are required to resign according to a rotation plan determined by the Supervisory Board. The Supervisory Board appoints a chairperson from amongst the independent Supervisory Board members as referred to in the Strategic Investment Agreement and one or more vice-chairpersons from amongst its members. The Supervisory Board has prepared a profile (*profielschets*) of its size and composition, which takes into account the character of the business, its activities and the desired expertise and background of the Supervisory Board members. Each modification of the profile will be discussed with the General Meeting and with the Works Council. With each appointment of a member of the Supervisory Board, the profile must be taken into account.

The General Meeting appoints the Supervisory Board members in accordance with nominations by the Supervisory Board. The General Meeting can reject a nomination by an absolute majority of the votes cast if at least one third of the issued share capital is represented at the General Meeting. If less than one third of the issued share capital is present or represented at the meeting, another meeting shall be convened to vote on the nomination, at which the nomination can be rejected by an absolute majority of the votes cast (irrespective of the issued share capital present or represented at the meeting). If the nomination is rejected, the Supervisory Board must prepare a new nomination. The Supervisory Board must announce its nomination simultaneously to the General Meeting and to the Central Works Council. The nomination must give reasons justifying the nomination. The General Meeting and the Central

Works Council may recommend candidates to the Supervisory Board to be nominated as Supervisory Board members. The Supervisory Board is required to nominate one third of the Supervisory Board members on the enhanced recommendation of the Central Works Council, unless the Supervisory Board objects to the recommendation because of an expectation that the recommended person will be not suitable to fulfil the duties of a Supervisory Board member or that the Supervisory Board will not be of a proper composition if the appointment is made as recommended. If the Supervisory Board objects to the recommendation on these grounds, it shall inform the Central Works Council of its objection, stating its reasons. If no agreement can be reached between the Supervisory Board and the Central Works Council, the Enterprise Chamber will decide the matter.

A Supervisory Board member can only be dismissed by the Enterprise Chamber upon petition by the Company for reasons of neglect of his or her duties, following a significant change in circumstances as a result of which his or her continued membership can no longer be reasonably maintained, or for certain other reasons. A Supervisory Board member can be suspended by the Supervisory Board. The suspension shall lapse by law if the Company has not submitted a petition to the Enterprise Chamber as referred to above within one month after commencement of the suspension. The General Meeting can, by an absolute majority of the votes cast, representing at least one-third of the issued share capital, dismiss the Supervisory Board in its entirety for lack of confidence. If the General Meeting dismisses all the Supervisory Board members for lack of confidence by an absolute majority, but such majority does not represent at least one-third of the issued share capital, a second meeting may be convened. In this second meeting, the General Meeting can dismiss the Supervisory Board in its entirety for lack of confidence also by an absolute majority of the votes cast, representing at least one third of the issued share capital. A resolution to dismiss the Supervisory Board for lack of confidence cannot be adopted until the Executive Board has notified the Works Council of the proposal for the resolution and the reasons therefor. If the General Meeting dismisses the Supervisory Board members for lack of confidence, the Executive Board must request the Enterprise Chamber to temporarily appoint one or more Supervisory Board members. The General Meeting cannot dismiss for lack of confidence the Supervisory Board members appointed by the Enterprise Chamber.

The Supervisory Board and each of its members must each avoid any real or perceived conflict of interest between the Company and its Supervisory Board members. The Supervisory Board is responsible for deciding how to deal with possible conflicts of interest.

The Supervisory Board has adopted by-laws governing its internal organisation. These rules may be amended from time to time and without any prior notification by the Supervisory Board. Prior to an amendment of the Supervisory Board by-laws, the Supervisory Board will consult the Executive Board. The Supervisory Board by-laws were drawn up pursuant to the Articles of Association and (most of) the provisions in the Dutch corporate governance code. See “[Corporate Governance](#)”.

Under the Supervisory Board by-laws, a meeting of the Supervisory Board shall take place at any time if the Supervisory Board deems it necessary. The Supervisory Board meets at least as many times as specified in its annual schedule, a schedule that the Supervisory Board draws up itself. Decisions of the Supervisory Board are made by an absolute majority of votes. The Supervisory Board may pass a resolution without holding a meeting if all its members agree with this manner of resolution.

The Supervisory Board by-laws include a stipulation that as long as Aviva directly or indirectly holds 20% or more of the issued and outstanding share capital of the Company, the Supervisory Board shall give considerable weight to Aviva’s reasonable interest (including but not limited to the interest arising out of the fully consolidated or “associate” treatment for accounting purposes of the Group in Aviva’s accounts) in granting its approval to the concerned resolutions: (i) entering into a material debt obligation; (ii) making use of the delegated authority to issue Shares, if as a result of such issue Aviva’s interest would be diluted, passing a threshold of either 50% or 20% of the issued and outstanding share capital; (iii)

proposing any change to the dividend and capital management policy; and (iv) making any proposal to replace the auditor.

The General Meeting determines the remuneration of each Supervisory Board member. Apart from their remuneration, Supervisory Board members will be reimbursed for all reasonable expenses incurred in connection with their attendance of meetings.

Pursuant to the Articles of Association, the Supervisory Board has appointed from its members the Audit Committee, a remuneration committee (the **Remuneration Committee**) and a nomination committee (the **Nomination Committee**).

Strategic Investment Agreement

Pursuant to the Strategic Investment Agreement, the Supervisory Board shall consist of nine members. Aviva has the right to nominate two Supervisory Board members (each an **Aviva Supervisory Board Member**) and to nominate and propose replacements for Aviva Supervisory Board Members.

Effective as of the Settlement Date, the Supervisory Board will consist of four independent Supervisory Board members, two Aviva Supervisory Board Members and three Supervisory Board members who hold the trust of the Central Works Council. Each nominee for Supervisory Board member must meet the Supervisory Board profile as set out in the Supervisory Board by-laws.

Aviva's right to nominate the Aviva Supervisory Board Members and to nominate and propose replacements for the Aviva Supervisory Board Members lapses if and when Aviva directly or indirectly holds less than 15% of the Shares in the Company excluding the Protective Preference Shares. If Aviva directly or indirectly holds less than 35% of the Shares in the Company excluding the Protective Preference Shares, there will still be one Aviva Supervisory Board Member. Aviva's nomination right will not be reinstated should Aviva's shareholdings subsequently re-exceed the relevant thresholds.

In the event that Aviva's shareholding drops below one of the thresholds as described above and the relevant Aviva Supervisory Board Member is not willing to resign voluntarily and must be dismissed via the proceedings set out in Article 2:161(2) of the Dutch Civil Code, Aviva will compensate the Company for any and all costs and expenses incurred by the Company in connection with, or resulting from, such proceedings. Aviva and the Company agree that if an Aviva Supervisory Board Member fails to resign voluntarily, this will constitute serious reasons (*gewichtige redenen*) for the purposes of Article 2:161(2) of the Dutch Civil Code, as a result of which the Company may not be reasonably required to maintain the Aviva Supervisory Board Member as a Supervisory Board member.

Upon appointment, each Supervisory Board member must sign a deed of adherence which confirms to the Company that he or she: (i) undertakes to adhere to the provisions of the Strategic Investment Agreement; (ii) undertakes to comply with the Supervisory Board by-laws and the by-laws of the Supervisory Board committees; and (iii) is aware of the duties of a member of the supervisory board of a Dutch company, as set out in Article 2:140 of the Dutch Civil Code.

Supervisory Board Members

As at the date of this Prospectus, the members of the Supervisory Board are:

R.H.P.W. (René) Kottman
(1945)

Mr. Kottman, the chairman of the Supervisory Board, has Dutch nationality. He was appointed in 1999. Mr. Kottman will be reappointed for another term of four years as of the Settlement Date. Mr. Kottman is an independent Supervisory Board member. In addition, Mr. Kottman is a member of the supervisory board of Delta Lloyd Bank N.V.

Mr. Kottman is a management consultant following his retirement as chief executive officer of Ballast Nedam N.V. Besides being a member of the Supervisory Board and of the supervisory board of Delta Lloyd Bank N.V., other positions

currently held by Mr. Kottman include chairman of the supervisory boards of Altera N.V., Keyrail Exploitiemaatschappij Betuweroute N.V. and Warmtebedrijf N.V., member of the supervisory board of Wavin N.V., chairman of the board of overseers of Medisch Centrum Alkmaar-Gemini Ziekenhuisgroep and member of the board of De Baak Management Training Centre.

Mr. Kottman is a former member of the board of Stichting Management Studies, a former chairman of the supervisory board of Hermeta Group, a former supervisory board member of Staatsloterij, a former member of the board of foundation VU Medisch Centrum and a former member of the supervisory board of NMC-Nijssse International B.V.

E.J. (Eric) Fischer (1946)

Mr. Fischer, the vice-chairman of the Supervisory Board, has Dutch nationality. He was appointed in 2006 and his term expires in 2010. Mr. Fischer was appointed as vice-chairman in 2008. Mr. Fischer is a Supervisory Board member who holds the trust of the Central Works Council.

Mr. Fischer is extraordinary professor at the University of Amsterdam and he is chief executive officer of the family firm Fischer & Fischer B.V. Other positions currently held by Mr. Fischer include: chairman of the boards of SNS Reaal Fonds, Paepion and Nederlandse Museum Vereniging and Stichting Museum Jaarkaart, member of the board of Academie voor VerenigingsManagement (AVVM) and chairman of the advisory council of Chainworks. Positions held by Mr. Fischer of which the termination date falls in 2009 include member of the advisory councils of the Dutch Data Protection Authority and IG&H Management Consultants and member of the boards of Stichting Verzekeringswetenschap and SEO Economisch Onderzoek. Mr. Fischer 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.

P.G. (Pamela) Boumeester (1958)

Ms. Boumeester has Dutch nationality. She was appointed in 2004 and her term expires in 2012. Ms. Boumeester is a Supervisory Board member who holds the trust of the Central Works Council.

Positions currently held by Ms. Boumeester include member of the supervisory board of PCM Uitgevers and member of the supervisory board of Ordina, member of the advisory board of Reinier de Graaf Group, chairman of the advisory board of TSM (Twente School of Management), chairman of the advisory board of Informatie Beheer Groep, member of the advisory board of Veerstichting and trustee of the foundations K.F. Hein Fonds, Ubbo Emmius Stichting and Frans Liszt Concours.

J.G. (Jan) Haars (1951)

Mr. Haars has Dutch nationality. He was appointed in 2006 and his term expires in 2010. Mr. Haars is an independent Supervisory Board member.

Mr. Haars is a member of the management board and chief financial officer of Corio N.V. In addition, Mr. Haars is a

J.H. (Jan) Holsboer (1946)

member of the supervisory board of Ajax N.V. Mr. Haars is a former member of the management board and a former chief financial officer of TNT N.V.

Mr. Holsboer has Dutch nationality. He was appointed in 2008 and his term expires in 2012. Mr. Holsboer is a Supervisory Board member who holds the trust of the Central Works Council.

Mr. Holsboer is a member of the supervisory boards of Atradius N.V., PartnerRe Ltd., TD Waterhouse Bank N.V. and Yura International N.V./YAM N.V., honorary president and member of the Geneva Association, chairman of the board of trustees of Stichting Vie d'Or, chairman of Vereniging Pro Senectute, chairman of the board of trustees of Stichting Fonds van Hove van Zijl anno 1647, member of the boards of trustees of Stichting Imtech N.V. and Corporate Express N.V., member of the investment committee of KWF Kankerfonds, member of the curatorium executive master financial planning of the University of Amsterdam and member of the programme board executive master internal audit of the University of Amsterdam. Mr. Holsboer is a former member of the executive board of ING N.V., a former part-time member of the executive board of Univar N.V., a former member of the supervisory board of Royal Begemann Group N.V. appointed with exclusive power by the president of the Enterprise Chamber and a former member of the supervisory board of Onderlinge 's Gravenhage/Neerlandia van 1880.

A.J. (Andrew) Moss (1958)

Mr. Moss has British nationality. He was appointed in 2007 and his term expires in 2011. Mr. Moss is an Aviva Supervisory Board Member.

Mr. Moss is chief executive officer of Aviva. Other positions currently held by Mr. Moss include vice-chairman of the Chancellor's Insurance Industry Working Group, member of the boards of the Association of British Insurers and the Geneva Association, member of the Chancellor's High Level Stakeholder Group, member of the European Financial Services Roundtable and member of the Pan-European Insurance Forum. Mr. Moss is a former director of Additional Securities Limited.

P.G. (Philip) Scott (1954)

Mr. Scott has British nationality. He was appointed in 2008 and his term expires in 2012. Mr. Scott is an Aviva Supervisory Board Member.

Mr. Scott is currently the chief financial officer of Aviva. Mr. Scott is also a Fellow of the Institute of Actuaries (FIA). Mr. Scott is as of 1 November 2009 a non-executive board member of the Royal Bank of Scotland Group Plc. Positions currently held by Mr. Scott include, non-executive director of Diageo plc. and chairman of the board of European Insurance CFO Forum. On 18 June 2009 Aviva announced the resignation of Mr. Scott as its chief financial officer effective 31 December 2009. Aviva has advised the Supervisory Board that this is likely also to mean that Mr. Scott will resign as a Supervisory Board member at a time to be agreed. When Mr. Scott resigns as a Supervisory Board member, Aviva will

nominate a new person to be appointed on the Supervisory Board by the General Meeting.

M.H.M. (Marcel) Smits (1961)

Mr. Smits has Dutch nationality. He was appointed to the Supervisory Board in 2004. His term expires in 2012. Mr. Smits is an independent Supervisory Board member.

Mr. Smits is the chief financial officer and a member of the management board of Sara Lee Corporation. Positions currently held by Mr. Smits include member of the supervisory board of Euronext, member of the audit committee of FNV Bondgenoten and member of the board of the Prince Claus Fund. Mr. Smits is a former member of the management board of Royal KPN N.V. and a former member of the supervisory board of E-Plus Geschäftsführung GmbH.

The Company's registered address is the business address of the Supervisory Board members: Amstelplein 6, 1096 BC Amsterdam, the Netherlands.

Potential Conflicts of Interest

Other than the fact that two members of the Supervisory Board are not independent within the meaning of the Dutch corporate governance code, because the two members have been nominated by Aviva (see "Corporate Governance"), the Company is not aware of any potential conflicts between any duties of the members of the Supervisory Board and their private interests and/or other duties.

The Company is not aware of: (i) any convictions of members of the Supervisory Board for fraud or fraud-related offences in the last five years; (ii) any bankruptcies, receiverships or liquidations of any entities with which members of the Supervisory Board were associated in the last five years; or (iii) any official public incrimination and/or sanctions of any members of the Supervisory Board by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last five years.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board by-laws provide for the installation of permanent or ad-hoc committees within the Supervisory Board. The Articles of Association as well as the Supervisory Board by-laws state that at least the following three committees must be constituted: a remuneration committee, an audit committee and a nomination committee. The task of these committees is to prepare the decision-making of the Supervisory Board. The Supervisory Board does not have any additional permanent committees.

The Supervisory Board committees prepare decisions of the Supervisory Board on matters within their remit, although the Supervisory Board remains collectively responsible for the fulfilment of the duties delegated to the Supervisory Board committees. Pursuant to the Strategic Investment Agreement, after the Settlement Date, at least one Aviva Supervisory Board Member shall be on each of the Supervisory Board committees. This right, however, will lapse if and when Aviva directly or indirectly holds less than 15% of the Shares in the Company excluding the Protective Preference Shares.

The Supervisory Board committee by-laws determine that in the decision-making of each committee, the committee members shall strive for consensus. If consensus cannot be reached, the dissenting opinion(s) will be mentioned in the advice of the committee to the Supervisory Board. This decision-making procedure may be amended when Aviva directly or indirectly holds less than 15% of the Shares in the Company excluding the Protective Preference Shares.

Audit Committee

Subject to the collective responsibility of the Supervisory Board, the Audit Committee is charged with supervising the Executive Board with respect to: (i) the operation of the internal risk management and control systems; (ii) the provision of financial information by the Company; (iii) the level of follow-up on the observations and recommendations of the internal audit services and the external auditor; (iv) the scope of operation and functioning of the internal audit services; (v) the Company's tax planning policy; (vi) the state of the relationship with the external auditor; (vii) the financing of the Company; and (viii) the application of ICT. The Audit Committee advises the Supervisory Board on such matters as financial reporting, internal risk management and control systems, the role and functioning of internal auditing, and the application of ICT.

The Audit Committee meets at least four times a year and at least one of its meetings relates to the closing of the financial year and the preparation of the financial statements and annual report.

The Audit Committee currently consists of four members: Mr. J.G. Haars (chairman), Mr. Ph.G. Scott, Mr. M.H.M. Smits and Mr. J.H. Holsboer.

Remuneration Committee

Subject to the collective responsibility of the Supervisory Board, the Remuneration Committee sets the future remuneration policy for Executive Board members. The remuneration policy for Executive Board members must be submitted to the General Meeting for adoption. The Remuneration Committee makes proposals for the remuneration of the individual members of the Executive Board. The Remuneration Committee also makes proposals to the Supervisory Board regarding the remuneration of the individual Supervisory Board members. The latter proposals must also be submitted to the General Meeting for adoption. The Remuneration Committee furthermore analyses possible outcomes of variable remunerations and prepares the annual remuneration report. The Remuneration Committee meets as often as is necessary for its proper functioning, with no fewer than two meetings per year.

The Remuneration Committee currently consists of four members: Ms. P.G. Boumeester (chairman), Mr. R.H.P.W. Kottman, Mr. Ph.G. Scott and Mr. E. Fischer.

Nomination Committee

Subject to the collective responsibility of the Supervisory Board, the Nomination Committee draws up, among other things, the selection criteria and appointment procedures for the Supervisory Board members and the Executive Board members. The committee also assesses at least once a year the size and composition of the Supervisory Board and Executive Board and their effectiveness.

The Nomination Committee currently consists of four members: Mr. R.H.P.W. Kottman (chairman), Mr. Ph. G. Scott, Mr. Fischer and Ms. P.G. Boumeester.

EQUITY HOLDINGS

At the date of this Prospectus, no member of the Executive Board or the Supervisory Board holds any Shares or any options over such Shares, other than the phantom options as described below. See “– Remuneration – Remuneration of the Executive Board”.

In the Offering, each of the Executive Board members shall purchase Offer Shares. For further details, see “– Executive Board Members – Allocation to Executive Board Members”.

REMUNERATION

The amounts incurred in the year ended 31 December 2008 for remuneration to current and former Executive Board members and current and former Supervisory Board members as defined in Article 2:383c of the Dutch Civil Code amounted to EUR 1.8 million and EUR 300,000, respectively. The total amount set aside or accrued in 2008 to provide pension,

retirement and similar benefits for the Executive Board members amounted to EUR 265,700. The Company does not provide pension or retirement benefits to the Supervisory Board members.

Remuneration of the Executive Board

The Executive Board's remuneration, consists of four components: basic salary, short-term compensation, long-term compensation and pension arrangements (see “– Pension Schemes”). At the proposal of the Supervisory Board, the General Meeting has adopted on 12 October 2009 a new remuneration policy for its Executive Board members which will become effective as of 1 November 2009. In establishing the policy, market best practices and relevant guidelines (e.g. the Dutch corporate governance code, the Committee Maas and the report of DNB/AFM) were taken into account. The Remuneration Committee has been assisted by an external remuneration consultant.

Before 1 November 2009, a short-term performance-related compensation based on annually-set quantitative and qualitative targets existed pursuant to which a variable reward of up to 70% of twelve months' salary could be granted. If the targets were exceeded to an exceptional degree, a maximum of 105% of twelve months' salary could be granted. Given the target achievement performance in 2007, the Supervisory Board agreed with the recommendation of the Remuneration Committee to grant the Executive Board a variable reward of 60% for 2007. This reward was paid in 2008. Given the recent economic downturn and the 2008 results of the Group, the Executive Board has decided to waive any short-term variable reward for 2008. Employees who were otherwise eligible for a short-term variable reward scheme were also not granted any short-term variable reward for the year 2008.

Also before 1 November 2009, the long-term variable reward consisted of the Phantom Option Plan. Under the Phantom Option Plan, options were granted to the members of the Executive Board. The number of options that were granted annually was a percentage of basic salary and depended on the option price. After three years from the date of grant, the percentage of the granted options that may be exercised in the next five-year period is determined. This vesting percentage is determined by the Group's ranking in a pre-determined peer group. The key criterion in this ranking is the relative improvement of the Group's embedded value over a three-year period. Only in the event of a top-five ranking in its peer group will vesting or partial vesting be allowed, with the use of a decreasing vesting percentage. Once vested, options can be exercised during a five-year period. The value of the options is linked to the development of the Group's value as measured by the Group's embedded value. The payment from the options in any one year is capped at 200% of twelve months' salary for the chairman of the Executive Board and at 160% of twelve months' salary for the other Executive Board members.

In light of the Offering, the Supervisory Board has decided to no longer use the existing performance calculations for the Phantom Option Plan. Instead, the Supervisory Board has decided to fix the number of phantom options that will vest at 75% of the initially granted numbers. In addition, the Supervisory Board has decided to translate the underlying value of the options into the Offer Price. As a result, the phantom options will be converted into options on Ordinary Shares. These options will be equally out-of-the-money and in-the-money respectively as the current phantom options are. The latter principle will be used to determine the new exercise price. The remaining vesting schemes, i.e. three years starting from the moment of grant, and remaining option term, i.e. eight years starting from the moment of conditional grant, will remain the same. The options will be cash-settled at the moment of exercise. After this conversion, the Phantom Option Plan will be closed.

The following table provides the remuneration (including deferred compensation) of each Executive Board director for all their services to the Company for the year ended 31 December 2008. Note that the amounts shown as salaries were charged against the financial results of 2008, the amounts shown as short-term variable rewards were charged against the financial results of 2007 and the allocation of the phantom options occurred in the years to 2005. No short-term variable reward was granted in 2008.

Name	Salary	Short-term variable reward	Payment of phantom options	Total
(EUR thousand)				
N.W. Hoek	533.9	262.2	917.8	1,713.9
P.J.W.G. Kok	421.5	207.0	579.7	1,208.2
P.K. Medendorp	421.5	207.0	579.7	1,208.2
H.H. Raué	421.5	207.0	671.9	1,300.4
Total				5,430.7

Of the loans that have been granted to Executive Board members, EUR 1.3 million was still outstanding as at 31 December 2008. No repayments were made in 2008 or thus far in 2009.

Pension expenses for Executive Board members

Name	31 December 2008	31 December 2007
(EUR thousand)		
N.W. Hoek	78.8	110.9
P.J.W.G. Kok	62.3	87.5
P.K. Medendorp	62.3	87.5
H.H. Raué	62.3	87.5
Total	265.7	373.4

Phantom Option Plan during 2008

Name	At 1 January 2008	Granted during 2008	Exercised during 2008	Expired during 2008	At 31 December 2008
(number of options)					
N.W. Hoek	706,223	218,535	149,698	49,899	725,161
P.J.W.G. Kok	456,184	141,157	96,698	32,233	468,410
P.K. Medendorp	456,384	141,157	96,698	32,233	468,610
H.H. Raué	293,327	141,157	81,878	15,211	337,395
Total	1,912,118	642,006	424,972	129,576	1,999,576

Phantom Option Plan during 2007

Name	At 1 January 2007	Granted during 2007	Exercised during 2007	Expired during 2007	At 31 December 2007
(number of options)					
N.W. Hoek	590,284	273,165	137,573	19,653	706,223
P.J.W.G. Kok	381,294	176,451	88,866	12,695	456,184
P.K. Medendorp	381,294	176,451	88,666	12,695	456,384
H.H. Raué	170,869	127,636	—	5,178	293,327
Total	1,523,741	753,703	315,105	50,221	1,912,118

Phantom Option Plan during 2006

Name	At 1 January 2006	Granted during 2006	Exercised during 2006	Expired during 2006	At 31 December 2006
<i>(number of options)</i>					
N.W. Hoek	356,824	233,460	—	—	590,284
P.J.W.G. Kok	230,492	150,802	—	—	381,294
P.K. Medendorp	230,492	150,802	—	—	381,294
Total	817,808	535,064	—	—	1,352,872

Mr. Raué has been an Executive Board member since 2007 and he is therefore not included in the above table for Phantom Option Plan during 2006.

In 2008, no provisions (in 2007 EUR 3.9 million) were recognised in respect of the Phantom Option Plan.

In 2008, EUR 2.7 million (in 2007, EUR 2.0 million) was paid out to members of the Executive Board in the form of exercised phantom options.

The following table provides the annual salary and target bonuses of each Executive Board member as it will be effective as of 1 November 2009. In setting these levels, both financial and cross-industry reference markets have been taken into account. The remuneration levels qualify around the median level of both reference markets.

Name	Base salary	Short-term incentive value (% of base salary)	Long-term incentive value (% of base salary)
<i>(EUR thousand)</i>			
N.W. Hoek	650	50%	50%
P.J.W.G. Kok	480	50%	50%
P.K. Medendorp	480	50%	50%
H.H. Raué	480	50%	50%

The short-term incentive plan consists of a cash amount that will be paid out based on target performance. Performance will be measured by a number of performance measures, both quantitative (financial and non-financial) and qualitative. At the discretion of the Remuneration Committee of the Supervisory Board, payment of part of the short-term incentive might be deferred for a period up to three years. In addition, for exceptional performance the value can increase to 75% of the base salary.

The long-term incentive plan consists of a conditional annual grant of Ordinary Shares, which might become unconditional (i.e. vest) after a three-year period, based on achieved performance and under the condition of continuous employment. Performance will be measured by total shareholder return, return on equity, employee engagement and client satisfaction. The value of the share award at the moment of vesting will be maximised at a multiple of base salary. For members of the Executive Board, an additional holding period of two years will be applicable to the vested Shares. The long-term incentive plan has been approved by the General Meeting on 12 October 2009.

A test of reasonableness will be applied when determining the pay-out of variable remuneration elements. Claw-back clauses are applicable to both variable elements. The short-term and long-term incentive plans apply not only to the members of the Executive Board but also to a selected group of (senior) managers.

Transaction Bonus – Offering

The Supervisory Board has decided that the members of the Executive Board will receive a transaction bonus consisting of Ordinary Shares with a value equal to 100% of their base salary in the event of a successful completion of the Offering. The members of the Executive Board will need to retain those Shares for three years, with the exception that part of these Shares might be sold to fulfil tax obligations. The Company has reserved a maximum amount of EUR 1.5 million that can be used to award a transaction bonus to a selected group of

employees, excluding the Executive Board members, as acknowledgement for their efforts in the preparation of the Offering. In addition, the remaining employees residing in the Netherlands with a permanent employment contract on 5 October 2009 will each be allocated 9 Offer Shares at no cost as part of the Employee Allocation. Employees residing outside the Netherlands are not eligible for the Employee Allocation but such employees with a permanent employment contract on 5 October 2009 will receive a cash amount equal to the number of Offer Shares allocated to eligible employees as part of the Employee Allocation, multiplied by the closing price of the Ordinary Shares on Euronext Amsterdam on 15 April 2010. For further details see “The Offering – Employee Allocation”.

Remuneration of the Supervisory Board

The following table shows the remuneration of each Supervisory Board member for all of his or her services to the Company for the year ended 31 December 2008.

Name	Remuneration	Other	Total
	(EUR thousand)		
R.H.P.W. Kottman	55.0	5.7	60.7
V.A.M. van der Burg	22.5	3.2	25.7
P.G. Boumeester	40.0	3.0	43.0
E.J. Fischer	40.0	1.5	41.5
J.G. Haars	40.0	3.2	43.2
J.H. Holsboer	25.0	—	25.0
A.J. Moss	—	—	—
Ph.G. Scott	—	—	—
M.H.M. Smits	40.0	2.7	42.7
Total	262.5	19.3	281.8

Mr. Ph.G. Scott and Mr. A.J. Moss have not received any remuneration as they are unpaid Supervisory Board members. Mr. V.A.M. van der Burg resigned from the Supervisory Board on 14 May 2008.

In 2008, no bonuses, loans or mortgage loans were granted to current or former Supervisory Board members. In 2008, there were no pension entitlements or option schemes for current or former Supervisory Board members.

In 2008, the Supervisory Board members received an aggregated fixed remuneration of EUR 262,500. In addition to the fixed remuneration, the Supervisory Board members received an additional amount when they served on one or more of the Supervisory Board committees. The chairman of the Supervisory Board received a higher amount than the vice-chairman of the Supervisory Board, who received a higher amount than the other members of the Supervisory Board. The chairman of each of the Supervisory Board committees received a higher amount than the other members of each of the Supervisory Board committees.

No member of the Supervisory Board is entitled to a contractual severance payment on termination of service.

As of 1 November 2009 the annual remuneration levels for the members of the Supervisory Board are set as follows:

- Chairman of the Supervisory Board: EUR 75,000;
- Vice-chairman of the Supervisory Board: EUR 60,000;
- Member of the Supervisory Board: EUR 50,000;

The additional annual remuneration levels for the members of the Supervisory Board committees applicable as of 1 November 2009 are set as follows:

- Chairman of the Audit Committee: EUR 9,000;
- Member of the Audit Committee: EUR 6,000;
- Chairman of the Remuneration Committee and/or Nomination Committee: EUR 9,000; and
- Member of the Remuneration Committee and/or Nomination Committee: EUR 5,000.

EMPLOYEES

The table below sets out the number of FTEs employed by the Group as at 31 December 2008, 2007 and 2006:

Employees	Number of FTEs at 31 December 2008	Number of FTEs at 31 December 2007	Number of FTEs at 31 December 2006
<i>(number of FTEs)</i>			
Permanent FTEs	6,404	6,042	6,446
Temporary FTEs	914	934	948
Permanent FTEs deployed in operations held for sale	270	365	—
Temporary FTEs deployed in operations held for sale	166	210	—
Total number of FTEs	7,753	7,551	7,394

The increase in permanent FTEs between 2006 and 2008 is mainly due to the acquisition of Swiss Life Belgium and Erasmus.

The table below sets out the number of permanent FTEs employed by the Group per segment as at 31 December 2008 and 30 June 2009.

Segment	Number of permanent FTEs at 31 December 2008	Number of permanent FTEs at 30 June 2009
Life Insurance	2,058	2,061
General Insurance	1,263	1,249
Health Companies	354	9 ⁽¹⁾
Fund Management	165	173
Banking	1,245	1,250
Other	1,589	1,567
Total number of FTEs	6,674	6,309

(1) Figure includes employees whose employment has been terminated but who were employed as at the relevant date.

The table below sets out the number of permanent FTEs employed by the Group per geographic location as at 30 June 2009.

Country	Number of permanent FTEs
The Netherlands	5,025
Belgium	576
Germany	708
Total number of FTEs	6,309

At 30 June 2009, the Group employed a total number of 6,913 permanent and temporary FTEs.

TRADE UNION RELATIONS AND WORKS COUNCIL

Trade Union Relations

The collective bargaining agreement which is entered into by the Company and the trade unions (the **Group CLA**) applies to all the Group's employees, except for the members of the Executive Board, employees within salary scales in excess of EUR 72,000 gross per year, persons with a work experience contract (*leer-werkovereenkomst*), temporary employment agency workers, on-call workers, holiday workers and seconded persons. The Group CLA expired on 31 May 2009.

The negotiations for a new Group CLA have been postponed until September 2009, due to the summer holiday period. Until the coming into force of a new Group CLA, the old Group CLA will generally retain its validity. The new Group CLA will upon coming into force have retroactive effect from 1 June 2009.

The currently applicable Group CLA contains, amongst other things, provisions on:

- the obligations of employer and employee;
- appointments, suspension and termination of the employment agreement;
- working hours, overtime, holidays, leave and shift work;
- salary (fixed salaries may be increased periodically by 3%. Also, a further increase could apply in the event of a satisfactory performance review);
- holiday allowance and 13th month, expenses, disability, pension arrangements and early retirement; and
- social policy.

The Company and the trade unions have a long-standing record of constructive consultation. The trade unions have always been co-operative in negotiations about the Group CLAs and social plans. There has not been any public conflict or legal dispute with any trade union in the past ten years.

Works Council

Within the Group there are currently works councils at each core location: Amsterdam, Arnhem and Zwolle. In addition, a Central Works Council has been established. A temporary works council has been established at the Rotterdam office, which will cease to exist upon finalisation of the integration of Erasmus.

A works council is a representative body of the employees of a Dutch enterprise and is elected by the employees. The management board of any company that runs an enterprise with a works council must seek the non-binding advice of the works council before implementing certain decisions with respect to the enterprise, such as those related to a major restructuring, a change of control, or the appointment or dismissal of a member of the management board. If the decision to be implemented is not in line with the advice of the works council, the implementation of the relevant decision must be suspended for one month, during which period the works council must appeal against the decision at the Enterprise Chamber. Certain other decisions directly involving employment conditions that apply either to all employees or to certain groups of employees may only be taken with the works council's consent. In the absence of such prior consent, the decision may nonetheless be taken with the prior consent of the sector Cantonal of the District Court.

PENSION SCHEMES

The Group has various pension plans in the countries in which it operates, whose members receive benefits on a defined benefit basis. The main defined benefit plan is in the Netherlands, and other plans exist in Belgium and Germany. In the Netherlands, the pension plan is administered by a separate company pension fund (not a subsidiary of the Group) which has reinsured its pension obligations with Delta Lloyd Levensverzekering, a subsidiary of the Group. Benefits offered by the pension plan of the Group Pension Fund are old-age pension benefits as from the age of 65 based on conditional indexed average pay at a yearly accrual percentage of 2.15% of the pensionable salary. There are options for early or deferred retirement. The pensionable salary includes the fixed hourly salary, including holiday allowance, year-end bonus and other allowances pursuant to the Group CLA, multiplied by the number of contract hours minus an offset. The variable allowance as part of the remuneration of the field staff (*buitendienst*) will be part of their pensionable salary. The maximum pensionable salary in 2009 is EUR 287,000, and the level of receivable disability pension benefits is limited to EUR 256,152. The offset of EUR 14,209 (2009) will be increased annually in accordance with the indexation of the wages according to the Group CLA.

The Group Pension Fund also provides for the accrual of survivors' and orphans' benefits equal to 60% and 14% respectively of the accruable old-age pension benefits. Subject to the degree of disability, the plan provides disability pension benefits as well as prolonged accrual of paid-up pension benefits during disability. The plan has the option of voluntary risk-based insurance of additional survivors' pension benefits (*ANW-hiaatverzekering*) of which 20% of the premium will be paid by Delta Lloyd Services B.V. (**Delta Lloyd Services**) as the employer.

The articles of association of the Group Pension Fund stipulate that the board of the pension fund may reinsure the fund's liabilities with a subsidiary of the Group but does not provide the option of reinsurance with an insurer which is not a subsidiary of the Group.

Delta Lloyd Levensverzekering holds a separate securities deposit on behalf of the Group Pension Fund, of which Delta Lloyd Levensverzekering is the legal owner. Due to an early extension of the reinsurance contract there was a release of interest guarantee provisions of EUR 11.3 million on 31 December 2005 which Delta Lloyd Levensverzekering paid into the deposit on 1 January 2006. The assets of the separated deposit are managed on the basis of an investments mandate. The Group Pension Fund has to pay Delta Lloyd Levensverzekering administration fees as well as a fee for the guaranteed payment of benefits by Delta Lloyd Levensverzekering. Until recently Delta Lloyd Levensverzekering and Delta Lloyd Schadeverzekering had a credit rating of AA-, and therefore there were no additional capital requirements for the Group Pension Fund. As a result of Standard & Poor's announcement on 16 October 2009 that it had downgraded the credit and financial strength ratings of each Delta Lloyd Levensverzekering and Delta Lloyd Schadeverzekering to A+, with negative outlook, DNB may impose additional capital requirements.

The actuarial and business memorandum of the Group Pension Fund states that if assets of the securities deposit at the end date of the contract, 31 December 2010, are insufficient to reinsure the pension benefits as accrued with another insurer or to have the Group Pension Fund self-insure these pension liabilities (*eigen beheer*), the pension fund may leave these accrued pension benefits with Delta Lloyd Levensverzekering. The reinsurance contract includes a quality guarantee clause. If Delta Lloyd Levensverzekering does not at least in three out of five years succeed in delivering the agreed level of services, the Group Pension Fund may adjust the contract by way of withdrawal of several operational processes by payment of a fee.

The pension contributions are determined at 1 January of each calendar year. The employees contribute to the costs of the premium for one third and Delta Lloyd Services for two thirds. The employee contribution is maximised to 6 2/3% of the pensionable salary.

On 1 January 2006, Delta Lloyd Services and the trade unions agreed upon a new pension plan. As a result the Group Pension Fund and Delta Lloyd Levensverzekering have adjusted the reinsurance agreement. The finance agreement of 2006 (*financieringsovereenkomst*) between Delta Lloyd Services and the Group Pension Fund shows that for the accrual of the transitional arrangements for the participants as per 31 December 2005 there was a lump sum required to be paid by Delta Lloyd Services to the Group Pension Fund. The Group Pension Fund granted Delta Lloyd Services a loan amounting to this lump sum valued at approximately EUR 44 million at 31 December 2005 with a redemption construed by way of an annuity with an interest rate of 3% for a period of six years.

The finance agreement states that on 1 January 2011 the pension fund will apply a one-off decrease of the premium to be paid by Delta Lloyd Services equal to the expected payment by Delta Lloyd Levensverzekering to the Group Pension Fund on 1 January 2011 but only if the coverage ratio of the pension fund exceeds 100%. It should be remarked that there are several legal restrictions applicable when offering a discount on the premium, therefore, it depends on more than just the coverage ratio of the pension fund if the decrease of the premium will be offered on 1 January 2011.

In general, the finance agreement of 2006 will still have to be amended at several points to become fully compliant with the requirements of the Dutch Pensions Act regarding an administration agreement (*uitvoeringsovereenkomst*) as the successor of the finance agreement of a pension fund.

Delta Lloyd Services has reserved the right to reduce or discontinue the payment of premiums to the Group Pension Fund in the event of a deteriorated financial situation of the Group.

Until 1 January 2011, the pension plan provides for an unconditional indexation according to the indexation of the wages of the Group CLA (for the participants) and in line with the consumer price index (**CPI**) for the deferred members and pensioners. Delta Lloyd Services pays a separate lump sum for this indexation and the Group Pension Fund has no specific indexation reserve. As of 1 January 2009 the Group Pension Fund increased the pension benefits by 2.53% for pensioners and deferred members and 3% for the participants.

As of 1 January 2011, the indexation policy is expected to be changed. The indexation will then be conditional, based upon the development of the CPI and dependent upon the return on investments. Further, the board of the Group Pension Fund has the authority not to increase the pension benefits at all. A group of the Group's pensioners jointly represented filed a claim against the Group Pension Fund and the Company to object to this change of the indexation policy: see "Business – Litigation".

As of 1 January 2006, an annexure on the collective pension plan is applicable for higher management and members of the Executive Board (*regeling directeur en leden Raad van Bestuur*). They are fully participating in the pension plan as administered by the Group Pension Fund but subject to certain deviations. Their offset is lower, their yearly accrual is 2.25% (instead of 2.15%) and their survivors' pension benefits are equal to 70% (instead of 60%) of the accruable old-age pension benefits. The maximum pensionable salary taken into account is EUR 588,434 (2008) and their maximum level for disability pension benefits is EUR 265,552 in 2008.

LIABILITY OF THE EXECUTIVE BOARD MEMBERS AND THE SUPERVISORY BOARD MEMBERS

Directors' and Officers' Insurance

Under Dutch law, Executive Board members and Supervisory Board members may be liable to the Company for damages in the event of improper or negligent performance of their duties.

They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The liability of Executive Board members, Supervisory Board members and other key corporate officers of the Company has been covered by a directors' and officers' liability insurance policy. This policy contains limitations and exclusions, such as for wilful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*).

In 2008, the Company entered into an additional directors' and officers' insurance. This additional insurance provides for a so-called A-side cover which only applies to Executive Board members and Supervisory Board members and which cannot be affected by claims against the Company.

On 9 December 2003, a committee commissioned by the Dutch State (*Commissie Tabaksblat*) published the Dutch corporate governance code. Since 1 January 2004, Dutch companies whose shares are listed on a government-recognised stock exchange (such as Euronext Amsterdam) are obliged to report on compliance with the Dutch corporate governance code in their annual report. If a company deviates from a best practice provision in the Dutch corporate governance code, the reason why must be properly explained in its annual report.

In December 2008, the Dutch corporate governance code was amended on the recommendations of the Dutch Corporate Governance Code Monitoring Committee, following three years of monitoring compliance and application. The amendments came into force on 1 January 2009. Most of the changes, such as the introduction of a requirement that management and supervisory boards have due regard to corporate social responsibility, are already standard practice for the Company.

The Company applies the Dutch corporate governance code as the guiding principles for its corporate governance policy. The Company meets the aims of the Dutch corporate governance code and complies with almost all provisions and best practices of the Dutch corporate governance code. The Company currently deviates from only a few provisions and has appropriate justifications for such deviations. As of per the First Trading Date, the Company will apply the amended Dutch corporate governance code. For the purpose of this section, reference is made to the provisions of the amended Dutch corporate governance code, as came into force on 1 January 2009.

The following best practice provisions of the Dutch corporate governance code are not applied in full for the reasons given below:

Best practice provision II.1.1: “A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.” The members of the Executive Board who assumed office before 2006 were appointed for an indefinite period. Thereafter, all members of the Executive Board were appointed in accordance with the Dutch corporate governance code.

Best practice provision II.2.8: “The maximum remuneration in the event of dismissal is one year’s salary. If the maximum of one year’s salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such board member shall be eligible for severance pay not exceeding twice the annual salary.” The Company subscribes to the principle that failure by members of the Executive Board should not be rewarded, but also believes that Executive Board members are entitled to reasonable severance pay.

Best practice provision III.2.1: “All supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2.” The Supervisory Board has two members who are not independent within the meaning of best practice provision III.2.2. These members have been nominated by Aviva. Pursuant to the Strategic Investment Agreement, Aviva is entitled to nominate and propose replacements for two Supervisory Board members. Aviva’s right to nominate two Supervisory Board members and to nominate and propose replacements for them will lapse in accordance with the following provisions of the Strategic Investment Agreement:

- if Aviva directly or indirectly holds less than 35% of the Shares in the Company excluding the Protective Preference Shares, Aviva is entitled to have one Supervisory Board member; and
- if Aviva directly or indirectly holds less than 15% of the Shares in the Company excluding the Protective Preference Shares, Aviva will no longer be entitled to have any Supervisory Board member.

The Supervisory Board members appointed by Aviva, even if not independent, are obliged to perform their tasks in the best interests of the Company.

Best practice provision III 3.5: “A person may be appointed to the supervisory board for a maximum of three 4-year terms.” Mr. Kottman was appointed as member of the Supervisory Board in 1999. For reasons of continuity, Mr. Kottman has been reappointed for another term of four years as of the Settlement Date.

Principle V.2: “The remuneration of the external auditor, and instructions to the external auditor to provide non-audit services, shall be approved by the supervisory board on the recommendation of the audit committee and after consultation with the management board.” The Group has implemented an audit charter that specifies when an external auditor may be assigned to provide non-audit services to the Group. This audit charter has been approved by the Audit Committee.

Major Shareholders and Related Party Transactions

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MAJOR SHAREHOLDERS

As at the date of this Prospectus, the Company has two shareholders: the Selling Shareholder and Fonds NutsOhra. The following table sets out the amount of their shareholdings in the Company.

Name	% of total nominal issued share capital	Number/class of Shares	% of votes
Aviva (through the Selling Shareholder)	92%	29,949,531 Ordinary Shares 1,542,853 preference shares B (Warrant for 2,458,228 Ordinary Shares)	92%
Fonds NutsOhra	8%	9,312,360 Preference Shares A (Warrant for 213,758 Ordinary Shares)	8%

The Selling Shareholder is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated in the Netherlands. The Selling Shareholder's corporate seat is in Amsterdam, the Netherlands, and its business address is St. Helen's, 1 Undershaft, London EC3P 3DQ, United Kingdom. At present, all shares in the share capital of the Selling Shareholder are held by Aviva International Holdings Limited. All shares in Aviva International Holdings Limited are indirectly held by Aviva. Aviva is a public limited company incorporated in England, having as its business address St Helen's, 1 Undershaft, London EC3P 3DQ, United Kingdom. Aviva's shares are traded on the London Stock Exchange as part of the FTSE 100 Index.

Aviva, through the Selling Shareholder, currently holds 92% of the Company's total nominal issued share capital in the form of Ordinary Shares and preference shares B (corresponding to 92% of the voting rights). Furthermore, the Selling Shareholder holds a warrant, which comprises the right to subscribe for 2,458,228 Ordinary Shares at an aggregate price of EUR 250 million. See "Related Party Transactions". The Selling Shareholder has indicated it intends to exercise its warrant. The Company therefore expects to issue 2,458,228 Ordinary Shares (as calculated prior to the 1:5 share split) to the Selling Shareholder immediately prior to the First Trading Date.

Fonds NutsOhra is a foundation (*stichting*) incorporated in the Netherlands. Fonds NutsOhra's corporate seat is in Amsterdam, the Netherlands and its business address is Amstelplein 6, 1096 BC Amsterdam, the Netherlands.

Fonds NutsOhra holds 8% of the Company's total nominal issued share capital in the form of Preference Shares A (corresponding to 8% of the voting rights). Furthermore, Fonds NutsOhra holds a warrant, which comprises the right to subscribe for 213,758 Ordinary Shares at an aggregate price of EUR 21.74 million. Fonds NutsOhra has indicated it intends to exercise its warrant. The Company therefore expects to issue 213,758 Ordinary Shares (as calculated prior to the 1:5 share split) to Fonds NutsOhra immediately prior to the First Trading Date.

In the context of the Offering, the Company, Aviva, the Selling Shareholder and Fonds NutsOhra have agreed to restructure the Preference Shares A and the preference shares B. Following this restructuring, the Company will cancel the Shares held by it in its own capital (held in treasury). See "Capitalisation – Restructuring of Preference Shares A and Preference Shares B" and "Description of Share Capital and Corporate Structure".

On the Settlement Date, the Ordinary Shares and the Preference Shares A, both with a nominal value of EUR 1.00 each will be split 1:5 into Ordinary Shares and Preference Shares A, both with a nominal value of EUR 0.20 each.

After the cancellation by the Company of the treasury Shares (on expiry of the statutory waiting period of two months applicable to the cancellation of shares), the Company's issued share capital will be as set out in the following table. This table reflects the number of Shares after execution of the 1:5 share split.

Name	Number/class of Shares	Number/class of Shares ⁽²⁾		% of votes ⁽²⁾	
	Owned after the restructuring of the share capital	Exercise of the Over-Allotment option in full	No exercise of the Over-Allotment option	Exercise of the Over-Allotment option in full	No exercise of the Over-Allotment option
Aviva (through the Selling Shareholder)	164,357,636 Ordinary Shares ⁽¹⁾	94,507,636 Ordinary Shares	100,857,636 Ordinary Shares	53%	57%
Fonds NutsOhra	13,021,495 Preference Shares A	13,021,495 Preference Shares A	13,021,495 Preference Shares A		
	1,068,790 Ordinary Shares	1,068,790 Ordinary Shares	1,068,790 Ordinary Shares	8%	8%

(1) Assuming that the Offer Price will be at the mid-point of the Offer Price Range.

(2) Assuming the maximum number of Offer Shares are sold.

The Company will grant a call option to Foundation Continuïteit Delta Lloyd. Foundation Continuïteit Delta Lloyd will have the right to exercise the call option at any time either wholly or partly. See “Description of Share Capital and Corporate Structure – Anti-takeover measures” for a description of the events which could trigger Foundation Continuïteit Delta Lloyd to exercise the call option. When exercising the call option, Foundation Continuïteit Delta Lloyd is entitled to acquire Protective Preference Shares up to a maximum that is equal to 100% of the Company’s total issued and outstanding share capital, minus one Share, which will entitle it to 49.9% of the voting rights after issuance.

STRATEGIC INVESTMENT AGREEMENT

Immediately prior to the Offering, the Company, Aviva and the Selling Shareholder entered into the Strategic Investment Agreement. The Strategic Investment Agreement contains the agreement between the Company, Aviva and the Selling Shareholder with regard to the terms and conditions on lock-up and orderly market arrangements, subject to which Aviva and/or the Selling Shareholder may reduce the amount of its shareholding in the Company over time following the Offering. Furthermore, the Strategic Investment Agreement contains certain key issues with respect to the Company’s corporate governance. The Strategic Investment Agreement will enter into effect on the First Trading Date.

The full text of the Strategic Investment Agreement is available on the Company’s website at www.deltalloydgroep.com. Please note that certain elements of the Strategic Investment Agreement have been described in other sections of this Prospectus. See “Business – Material Contracts”, “Description of Share Capital and Corporate Structure” and “Executive Board, Supervisory Board and Employees”. The following is a summary of certain other important elements of the Strategic Investment Agreement.

Information and Reporting

The Company has agreed to provide Aviva with certain financial information and other information which has been specified in the Strategic Investment Agreement to enable Aviva to satisfy its ongoing financial reporting audit and other, legal and regulatory requirements (including Aviva’s tax, risk management and control procedures). It is taken into account that the Company has to comply with legal obligations concerning the content and timing of disclosure and rules on selective disclosure. The Company will plan to publish its periodic financial reports on the same day as Aviva’s report for the same period. Aviva has agreed not to use the information for any other purpose than to satisfy the relevant requirements applicable to it.

The Company has agreed to implement processes and procedures aimed at enabling Aviva to certify its compliance with SOx as long as Aviva holds more than 20% of the Shares (excluding the Protective Preference Shares). There are no additional reporting obligations for the Company to Aviva and the SOx certifications will not give Aviva any entitlement to any

additional audits nor any rights of access to supporting records (with the exception of the annual attestation of, and report on, Delta Lloyd's controls over financial reporting to be undertaken by Delta Lloyd's external auditors).

Lock-Up

Neither Aviva, nor the Selling Shareholder shall, for a period of 180 days after the Settlement Date, directly or indirectly, offer, sell, lend, create certain restrictions (including security rights (*zekerheidsrechten*) or other limited rights (*beperkte rechten*) and attachments (*beslagen*)) over, charge, assign, contract to sell, sell any option or contract to purchase, grant (whether by way of warrant, convertible or exchangeable security or otherwise) any option to subscribe for or purchase any Ordinary Shares, or otherwise transfer or dispose of any Ordinary Shares or enter into any swap or any other transaction, of whatever kind, which directly or indirectly leads to a total or partial transfer to one or more third parties of title (*eigendom*) to any Ordinary Shares, legal or economic, or which in any way whatsoever fixes, limits or transfers any risk arising from the possibility of price movement, up or down, in respect of such Ordinary Shares, whether any such swap or transaction described above is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise, or agree to do or announce any of the aforementioned things (collectively, a **Transfer**).

Aviva and the Selling Shareholder may during the lock-up period conduct a Transfer of Ordinary Shares; (i) as part of tendering Shares to a third party making a friendly takeover bid; and (ii) to a wholly owned subsidiary, on condition, however, that this wholly owned subsidiary shall comply with all the obligations as set out in the Strategic Investment Agreement.

The lock-up period may be shortened or waived with the written consent of the Company and the unanimous written consent of the Joint Global Coordinators as set out in the Underwriting Agreement.

Orderly Market Arrangements

After expiry of the lock-up period, Aviva, the Selling Shareholder and their affiliates may conduct a Transfer of Ordinary Shares held by it in an orderly market manner to avoid a negative impact on the price of the Ordinary Shares as a result of such Transfer. The Company will cooperate to a reasonable extent with Aviva and the Selling Shareholder to optimise the Transfer of any Ordinary Shares. Aviva and the Selling Shareholder will cooperate with the Company so that the Company's Shareholder base is diversified and trading volumes and liquidity are enhanced.

After expiry of the lock-up period, Aviva, the Selling Shareholder and its affiliates may conduct a Transfer of their Ordinary Shares by means of:

- trading in a regulated market up to 5% of the Shares in the Company (excluding the Protective Preference Shares) that are sold and transferred over a two-month period (Article 10.4 of the Strategic Investment Agreement);
- a fully marketed offering, provided that this may take place only once every six months (Articles 10.5-10.8 of the Strategic Investment Agreement);
- a bought deal up to 10% of the Shares in the Company (excluding the Protective Preference Shares) (Article 10.9 of the Strategic Investment Agreement); and
- an accelerated bookbuild offering of up to 15% of the Shares in the Company (excluding the Protective Preference Shares) (Article 10.10 of the Strategic Investment Agreement).

These provisions shall terminate at the earlier of: (i) five years following the Settlement Date; or (ii) when Aviva's economic interest in the Company falls below 20%. The orderly market arrangements as provided for in the Strategic Investment Agreement shall terminate if the Company is not willing to assist Aviva and/or the Selling Shareholder in preparing a fully marketed offering of no less than 10% or EUR 250 million of Shares.

Aviva, the Selling Shareholder and their affiliates will not sell 5% or more of the Ordinary Shares to "competitor strategic investors" as part of any one fully marketed offering, a bought deal and/or accelerated bookbuild offering without the Company's prior consent. This provision

shall terminate when Aviva's economic interest directly or indirectly falls below 10%. A "competitor strategic investor" is defined in the Strategic Investment Agreement as (i) a financial institution which has greater than EUR 500 million of insurance premiums in the Dutch market, (ii) an insurance group with a market capitalisation over EUR 5 billion and (iii) a publicly listed investment company with a stated intent of acquiring operational control of insurance groups. In the Strategic Investment Agreement, the Company, Aviva and the Selling Shareholder have agreed to a list containing the parties which have been identified as "competitor strategic investors" immediately prior to the Offering. The Company and Aviva have agreed to in good faith discuss and agree to an updated list of "competitor strategic investors" every three months as from the Settlement Date.

Tag Along Right

If the Company effects a primary offering of its Ordinary Shares, Aviva or the Selling Shareholder has tag along rights for an amount equivalent to 25% of the amount raised by the Company, or 10% of the total issued and outstanding Ordinary Shares, whichever amount is less. The tag along right is the right for Aviva or the Selling Shareholder to offer an amount of Ordinary Shares held by it proportionate to the relevant percentage alongside a primary offering effected by the Company.

Restriction on Public Bid

Aviva and the Selling Shareholder have undertaken not to make a public offer for the Company without the support of the Executive Board and the Supervisory Board. Aviva and the Selling Shareholder furthermore have undertaken not to do anything that would trigger Aviva and/or the Selling Shareholder having to make a mandatory offer for the Company, unless it has the support of the Executive Board and the Supervisory Board. Likewise, the Company will refrain from taking any action that would trigger Aviva and/or the Selling Shareholder having to make a mandatory offer for the Company.

Guarantee

Aviva has unconditionally and irrevocably guaranteed to the Company the performance by the Selling Shareholder or any of its affiliates of all of its obligations under the Strategic Investment Agreement. If the Selling Shareholder or any of its affiliates defaults in the performance of its obligations under this Agreement, Aviva shall be liable vis-à-vis the Company for such obligations of the Selling Shareholder or any of its affiliates as if Aviva were a primary obligor and not a surety.

Termination

Except for certain specific termination provisions, the other provisions of the Strategic Investment Agreement shall terminate if and when Aviva, directly or indirectly, holds less than 15% of the Shares in the Company (excluding the Protective Preference Shares). The Strategic Investment Agreement may not be terminated other than as provided in the agreement.

Governing Law

The Strategic Investment Agreement is governed by Dutch law and any disputes arising from the Strategic Investment Agreement will be settled exclusively before the competent court in Amsterdam, the Netherlands.

RELATED PARTY TRANSACTIONS

Fonds NutsOhra

Fonds NutsOhra's objects and purposes are, *inter alia*, to initiate, manage or support projects relating to healthcare. Fonds NutsOhra has a board of directors and a supervisory board. The members of the board of directors are Mr. P. de Bot (chairman), Ms. A. Brouwer, Mr. A. Burger and Ms. M. Janssen. The members of the supervisory board are Ms. L. Schmitz (chairman), Ms. T. van der Maat, Mr. N. Mogendorff, Mr. H. Nijhuis and Ms. E. Vreede-Chabot.

As at the date of this Prospectus, Fonds NutsOhra holds 9,312,360 Preference Shares A in the capital of the Company with a nominal value of EUR 1.00 each. It has also extended two subordinated loans to the Company: one with a principal amount of approximately EUR 489 million, carrying a 2.76% interest per annum and one of EUR 21.74 million at an interest rate of 5% per annum.

2.76% Subordinated Loan

On 22 December 1999, Fonds NutsOhra and the Company entered into a subordinated loan agreement in connection with the merger between the Company and Nuts Ohra Beheer B.V., for an amount of approximately EUR 489 million. In the context of the merger, 9,312,360 Preference Shares A were issued to Fonds NutsOhra. The subordinated loan agreement contains certain terms and conditions with regard to these Preference Shares A, including Fonds NutsOhra's right to convert part of these Preference Shares A 1:1 into newly issued Ordinary Shares against payment of the conversion price detailed below, which payment obligation will be set off against the amount lent under the subordinated loan.

Deviating from the terms and conditions of the subordinated loan agreement, in the context of the Offering, the Company has agreed to repurchase 6,708,061 Preference Shares A from Fonds NutsOhra prior to the First Trading Date. See "Capitalisation – Restructuring of the Preference Shares A and the Preference Shares B" and "Description of Share Capital – Composition of Share Capital". The purchase price equals the nominal value (EUR 6.7 million) plus accrued and not yet paid dividend. The purchase price will remain due and will be added to the principal amount of the subordinated loan, which will then amount to approximately EUR 496 million.

Fonds NutsOhra has agreed with the Company certain restrictions on its right to convert its remaining Preference Shares A (13,021,495 after the 1:5 share split is effected on the Settlement Date). The first three years following the First Trading Date, Fonds NutsOhra will not convert its Preference Shares A. After these three years, Fonds NutsOhra will be entitled to each year convert up to 6,510,748 Preference Shares A (50% of its current Preference Shares A) 1:1 into newly issued Ordinary Shares against payment of the conversion price detailed below. Fonds NutsOhra must observe an interval period of six months between the conversion of the first 50% of the Preference Shares A and any subsequent (partial) conversion. Any part of the 50% of the Preference Shares A which is not converted in any particular year may not be converted in a subsequent year if 50% of the Preference Shares A have already been converted in such subsequent year.

Fonds NutsOhra will however be entitled to fully convert its Preference Shares A into newly issued Ordinary Shares at all times (i.e. also in the first three years from the First Trading Date) if any of the following triggering events occur:

- a public bid for the Company;
- a legal merger (*juridische fusie*) or legal demerger (*juridische splitsing*) involving the Company;
- the sale by the Company of the majority of its assets; or
- the Executive Board resolves on a significant change to the Company, such that approval of the General Meeting is required pursuant to article 2:107a of the Dutch Civil Code.

The conversion price for the Preference Shares A, taking into account the 1:5 share split, amounts to EUR 38.334 per Ordinary Share received upon conversion less EUR 0.20 (the nominal value of the Preference Share A).

Fonds NutsOhra will be compensated for the dilutive effect of certain Company actions through an adjustment of the conversion price. The conversion price will be adjusted if (i) the Company would issue Ordinary Shares below the listed share price or equity linked instruments below the market value of such instruments, (ii) the Company makes a distribution out of its reserves to holders of Ordinary Shares, (iii) the Ordinary Shares are split, (iv) the Company sells all or substantially all of its assets and pays out the proceeds by way of dividend, or (v) the Company pays a “super dividend” before 31 December 2013. A “super dividend” is defined as a cash or share dividend above the thresholds set out in the table below.

Year resolution to pay out dividend	Year dividend to be paid out	Dividend threshold (in EUR)
2009	2010	165,000,000
2010	2011	190,000,000
2011	2012	220,000,000
2012	2013	250,000,000

If the conversion price is adjusted downwards, Fonds NutsOhra will receive more newly issued Ordinary Shares to achieve full set off against the subordinated loan.

Conversion of the Preference Shares A into newly issued Ordinary Shares will result in a dilution of the issued Ordinary Shares at that time.

5% Subordinated Loan

On 1 September 2003, Fonds NutsOhra also provided the Company with a subordinated loan for a principal amount of EUR 21.74 million at an interest rate of 5% per annum. In connection with this subordinated loan, the Company issued a warrant to Fonds NutsOhra to subscribe for Ordinary Shares, at an aggregate price of the amount of the loan, immediately prior to the moment that the Company would become a listed company. In the context of the Offering, Fonds NutsOhra has indicated it intends to exercise its warrant. Immediately prior to the First Trading Date, this loan will therefore convert into 213,758 Ordinary Shares (calculated before the 1:5 share split occurring at Settlement).

Aviva

On 1 May 2003, Aviva, through Aviva International Holdings Ltd (formerly named Commercial Union International Holdings Ltd.), provided the Company with a subordinated loan for a principal amount of EUR 250 million at an interest rate of 5% per annum. In connection with this subordinated loan, the Company issued a warrant to Aviva International Holdings Ltd. to subscribe for Ordinary Shares, at an aggregate price of the amount of the loan, immediately prior to the moment that the Company would become a listed company. On 9 October 2009, Aviva International Holdings Ltd. assigned this loan and the warrant to the Selling Shareholder. In the context of the Offering, the Selling Shareholder has indicated it intends to exercise its warrant. Immediately prior to the First Trading Date, this loan will therefore convert into 2,458,228 Ordinary Shares (calculated before the 1:5 share split occurring at Settlement).

Executive Board Members

The Company has provided various mortgage loans to certain Executive Board members and certain employees, including but not limited to Mr. Hoek (EUR 797,770) and Mr. Raué (EUR 529,246).

Certain Dutch Tax Considerations

Introduction

The following summary outlines the principal Dutch tax consequences of the acquisition, holding, redemption and disposal of Ordinary Shares, but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. This summary is intended as general information only and each prospective investor should consult a professional tax adviser about the tax consequences of an investment in Ordinary Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as of the date of this Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch tax consequences for:

- holders of Ordinary Shares holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and holders of Ordinary Shares of whom a certain related person holds a substantial interest or deemed substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (a statutory defined term), directly or indirectly, holds: (i) an interest of 5% or more of the total issued share capital of the Company or of 5% or more of a certain class of Shares in the capital of the Company; (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit-sharing rights in the Company;
- holders who have received or will receive the Ordinary Shares as employment income or deemed employment income or otherwise as compensation;
- investment institutions (*fiscale beleggingsinstellingen*);
- pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Dutch corporate income tax; and/or
- corporate holders of Ordinary Shares that qualify as a participation (*deelneming*) for the purposes of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*). Generally speaking, a Shareholding qualifies as a participation if it represents an interest of 5% or more of the nominal paid-up share capital.

Dividend Tax

Withholding requirement

The Company is generally required to withhold Dutch dividend tax of 15% in respect of dividends paid on the Ordinary Shares. Under the Dutch Dividend Tax Act of 1965 (*Wet op de dividendbelasting 1965*), dividends are defined as the proceeds from shares, which include:

- proceeds in cash or in kind including direct or indirect distributions of profit;
 - liquidation proceeds, proceeds on redemption of Ordinary Shares and, as a rule, the consideration for the repurchase of Ordinary Shares by the Company in excess of its average paid-in capital recognised for Dutch dividend tax purposes, unless a particular statutory exemption applies;
 - the nominal value of Ordinary Shares issued to a holder of Ordinary Shares or an increase in the nominal value of Ordinary Shares, except when the (increase in the) nominal value of Ordinary Shares is funded out of the Company's paid-in capital as recognised for Dutch dividend tax purposes; and
 - partial repayments of paid-in capital for tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the General Meeting has resolved in advance to make such repayment and provided that the nominal value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association and the paid-in capital is recognised as capital for Dutch dividend tax purposes.
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Residents of the Netherlands

If a holder is a resident of the Netherlands or a deemed resident of the Netherlands or has opted to be treated as a resident for the purposes of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), Dutch dividend tax which is withheld with respect to proceeds from the Ordinary Shares will generally be creditable for Dutch corporate income tax or Dutch income tax purposes if the holder is the beneficial owner (as described below) thereof. The same generally applies to holders of Ordinary Shares that are neither residents nor deemed to be residents of the Netherlands if the Ordinary Shares are attributable to a Dutch permanent establishment of such non-resident holder.

Non-residents of the Netherlands

If a holder is a resident of a country other than the Netherlands, and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is the beneficial owner (as described below) of the proceeds from the Ordinary Shares and a resident for the purposes of such treaty, the holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Dutch dividend tax. Generally, under the income tax treaty between the United States and the Netherlands, the withholding rate is 15%.

A refund of Dutch dividend tax is available to entities resident in another Member State, provided these entities are not subject to corporate income tax there and would not be subject to Dutch corporate income tax if they were tax-resident in the Netherlands.

Beneficial owner

A recipient of proceeds from the Ordinary Shares will not be entitled to any exemption, reduction, refund or credit of Dutch dividend tax if such recipient is not considered to be the beneficial owner of such proceeds. The recipient will, *inter alia*, not be considered the beneficial owner of these proceeds, if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely that:

- (a) the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:
 - (i) as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend tax; or
 - (ii) in comparison to the recipient paying the consideration, to a lesser extent be entitled to a lower rate or refund of dividend tax; and
- (b) such person or legal entity has, directly or indirectly, retained or acquired an interest in shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

Reduction of Dutch withholding tax upon redistribution of foreign dividends

Provided certain conditions are met, the Company may apply a reduction of the withholding tax imposed on certain qualifying dividends distributed by the Company, if the Company has itself received dividends from certain qualifying non-Dutch subsidiaries, which dividends were subject to withholding tax upon distribution to the Company. The reduction of the Dutch withholding tax imposed on these dividends that are distributed by the Company is equal to the lesser of:

- (a) 3% of the amount of the dividends distributed by the Company that are subject to withholding tax; and
- (b) 3% of the gross amount of the dividends received during a certain period from the qualifying non-Dutch subsidiaries.

The reduction is applied to the Dutch dividend tax that the Company must pay over to the Dutch tax authorities and not to the amount of the Dutch dividend tax that the Company must withhold.

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder of Ordinary Shares is a resident or deemed to be a resident of the Netherlands for Dutch tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Ordinary Shares are attributable, income derived from the Ordinary Shares and gains realised upon the redemption or disposal of the Ordinary Shares are generally taxable in the Netherlands (at up to a maximum rate of 25.5%).

If an individual holder of Ordinary Shares is a resident or deemed to be a resident of the Netherlands for Dutch tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Ordinary Shares and gains realised upon the redemption or disposal of the Ordinary Shares are taxable at the progressive rates (at up to a maximum rate of 52%) under the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) if:

- (a) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Ordinary Shares are attributable or the holder has, other than as a Shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Ordinary Shares are attributable; or
- (b) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Ordinary Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (a) nor condition (b) applies to the holder of the Ordinary Shares, taxable income with regard to the Ordinary Shares will be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined by taking the fair market value of certain qualifying assets held by the holder of the Ordinary Shares, less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Ordinary Shares will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Dutch tax purposes (nor has opted to be taxed as a resident of the Netherlands), such holder is not liable for tax in respect of income derived from the Ordinary Shares and gains realised upon the redemption or disposal of the Ordinary Shares, unless:

- (a) the holder is not an individual and such holder; (i) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which the Ordinary Shares are attributable; or (ii) is entitled to a share in the profits of an enterprise or has a co-entitlement to the net worth of an enterprise which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Ordinary Shares are attributable.

This income is subject to Dutch corporate income tax at up to a maximum rate of 25.5%; or

- (b) the holder is an individual and such holder; (i) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Ordinary Shares are attributable; or (ii) realises income or gains with respect to the Ordinary Shares that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands which include the performance of activities with respect to the Ordinary Shares which exceed regular, active

portfolio management (*normaal, actief vermogensbeheer*); or (iii) is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands (other than by way of securities or an employment contract) and to which enterprise the Ordinary Shares are attributable.

Income derived from the Ordinary Shares as specified under (i) and (ii) by an individual is subject to individual income tax at up to a maximum rate of 52%. Income derived from Ordinary Shares as specified under (iii) that is not already included under (i) or (ii) will be taxed at a rate of 30% over the 4% deemed return on income from savings and investment.

Gift and Inheritance Tax

Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Ordinary Shares by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax at the time of the gift or his or her death.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Dutch gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Dutch gift tax if he or she has been resident in the Netherlands and makes a donation within a 12-month period after leaving the Netherlands. The same 12-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Ordinary Shares by way of a gift by, or as a result of the death of, a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax, unless:

- (a) such holder at the time of the gift or his or her death has an enterprise or an interest in an enterprise which is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Ordinary Shares are (deemed to be) attributable; or
- (b) in the case of a gift of the Ordinary Shares by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Ordinary Shares or in respect of a cash payment made under the Ordinary Shares, or in respect of a transfer of Ordinary Shares.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Ordinary Shares.

US Federal Income Taxation

**TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE (IRS)
CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX
DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND
CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING US**

FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of certain US federal income tax considerations relevant to US Holders (as defined below) acquiring, holding and disposing of Ordinary Shares. This summary is based on the US Internal Revenue Code of 1986, final, temporary and proposed US Treasury regulations, and administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect, as well as on the income tax treaty between the United States and the Netherlands as currently in force.

This summary does not discuss all aspects of US federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Ordinary Shares through pass-through entities; (viii) holders that are not US Holders; (ix) holders that own (directly, indirectly or constructively) 10% or more of the voting stock of the Company; (x) investors that hold Ordinary Shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for US federal income tax purposes; (xi) investors that have a functional currency other than the US dollar; (xii) US expatriates and former long-term residents of the United States); and (xiii) employees who are entitled to the Employee Allocation, all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address tax consequences applicable to holders of equity interests in a holder of the Ordinary Shares, US federal estate, gift or alternative minimum tax considerations, or non-US, state or local tax considerations. This summary only addresses investors that will acquire Ordinary Shares in the Offering, and it assumes that investors will hold their Ordinary Shares as capital assets (generally, property held for investment).

For the purposes of this summary, a **US Holder** is a beneficial owner of Ordinary Shares that is for US federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created in, or organised under the laws of, the United States or any state thereof, including the District of Columbia; (iii) an estate the income of which is includible in gross income for US federal income tax purposes regardless of its source; or (iv) a trust that is subject to US tax on its worldwide income regardless of its source.

Dividends

Subject to the passive foreign investment company (**PFIC**) rules discussed below, a distribution made by the Company on the Ordinary Shares (including amounts withheld in respect of foreign income tax, if any) generally will be treated as a dividend includible in the gross income of a US Holder as ordinary income. Such dividends will not be eligible for the dividends received deduction allowed to corporations.

“Qualified dividend income” received by individual and certain other non-corporate US Holders in tax years beginning before 1 January 2011 will be subject to a maximum US federal income tax rate of 15% if: (i) the Company is a “qualified foreign corporation” (as defined below); and (ii) such dividend is paid on Ordinary Shares that have been held by such US Holder for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date. The Company generally will be a “qualified foreign corporation” if it is eligible for the benefits of the Treaty, and it is not a PFIC in the taxable year of the distribution or the immediately preceding taxable year. The Company expects to be eligible for the benefits of the Treaty. If the Company is a PFIC, however, dividends on the Ordinary Shares will not be eligible for the preferential income tax rate on “qualified dividend income”.

Dividends on the Ordinary Shares generally will constitute income from sources outside the United States for foreign tax credit limitation purposes. Subject to applicable limitations, Dutch income taxes withheld from dividends will be creditable against the US Holder's US federal income tax liability. The rules governing foreign tax credits are complex, and US Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

As discussed in "– Certain Dutch Tax Considerations – Dividend Tax – Reduction of Dutch withholding tax upon redistribution of foreign dividends", if certain conditions are met the Company may be permitted to reduce the amount of the Dutch dividend withholding tax remitted to the Dutch tax authorities up to a certain amount. It is likely that the portion of the withheld taxes that the Company is not required to pay to the Dutch tax authorities with respect to dividends paid to US Holders would not be creditable tax for US foreign tax credit purposes. The amount of any distribution of property other than cash will be the fair market value of the property on the date of the distribution.

The US dollar value of any distribution made by the Company in foreign currency must be calculated by reference to the exchange rate in effect on the date of receipt of such distribution by the US Holder, regardless of whether the foreign currency is in fact converted into US dollars. If the foreign currency so received is converted into US dollars on the date of receipt, such US Holder generally will not recognise foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into US dollars on the date of receipt, such US Holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any gain on a subsequent conversion or other disposition of the foreign currency generally will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Sale or Other Disposition

Subject to the PFIC rules discussed below, a US Holder generally will recognise gain or loss for US federal income tax purposes upon a sale or other disposition of its Ordinary Shares in an amount equal to the difference between the amount realised from such sale or disposition and the US Holder's adjusted tax basis in such Ordinary Shares, as determined in US dollars. Such gain or loss generally will be capital gain or loss and will be long-term capital gain (taxable at a reduced rate for non-corporate US Holders, such as individuals) or loss if, on the date of sale or disposition, such Ordinary Shares were held by such US Holder for more than one year. The deductibility of capital loss is subject to significant limitations. Such gain or loss realised generally will be treated as derived from US sources.

A US Holder that receives foreign currency from a sale or disposition of Ordinary Shares generally will realise an amount equal to the US dollar value of the foreign currency on the date of sale or disposition or, if such US Holder is a cash basis or electing accrual basis taxpayer and the Ordinary Shares are treated as being traded on an "established securities market" for this purpose, the Settlement Date. If the Ordinary Shares are so treated and the foreign currency received is converted into US dollars on the Settlement Date, a cash basis or electing accrual basis US Holder will not recognise foreign currency gain or loss on the conversion. If the foreign currency received is not converted into US dollars on the Settlement Date, the US Holder will have a basis in the foreign currency equal to the US dollar value on the Settlement Date. Any gain or loss on a subsequent conversion or other disposition of the foreign currency generally will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company Rules

In general, a corporation organised or incorporated outside the United States is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either: (i) at least 75% of its gross income is classified as "passive income"; or (ii) at least 50% of the average quarterly value attributable to its assets produce or are held for the production of

passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. However, an exception exists for certain active insurance and banking income.

The PFIC rules also provide that income derived in the active conduct of an insurance business by a corporation which is predominantly engaged in an insurance business is not treated as passive income. This exception is intended to ensure that income derived by a *bona fide* insurance company is not treated as passive income, except to the extent such income is attributable to financial reserves in excess of the reasonable needs of the insurance business.

Proposed US Treasury Regulations provide that income derived in the active conduct of a banking business is not treated as passive income. The determination of whether income is derived in the active conduct of a banking business is based on the regulatory status of the issuer under local laws, the activities of the issuer performed in the ordinary course of a banking business (including lending, accepting deposits and depositing money in other banks), and the proportion of gross income derived from activities that are “*bona fide*” banking activities for US federal income tax purposes and securities activities performed in the ordinary course of business (including selling debt instruments to clients in a dealer capacity).

Based on the present nature of its activities, including the planned Offering, and the present composition of its assets and sources of income, the Company believes that it was not a PFIC for the year ending on 31 December 2008 and does not expect to become a PFIC for the current year or for any future taxable year. There can be no assurances, however, that the Company will not be considered to be a PFIC for any particular year because PFIC status is factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. If the Company is classified as a PFIC in any year that a US Holder is a Shareholder, the Company generally will continue to be treated as a PFIC for that US Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described above. If the Company were a PFIC in any taxable year, materially adverse US federal income tax consequences could result for US Holders.

US Information Reporting and Backup Withholding Tax

A US Holder may be subject to information reporting unless it establishes that payments to it are exempt from these rules. For example, payments to corporations generally are exempt from information reporting and backup withholding. Payments that are subject to information reporting may be subject to backup withholding if a US Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a US Holder’s US federal income tax liability and may be refunded to the extent that they exceed such liability, provided the required information is timely provided to the IRS.

INTRODUCTION

Offer Shares in the Offering

The Offering consists of: (i) a public offering to institutional and retail investors in the Netherlands and (ii) a private placement to certain institutional investors in various jurisdictions. The Selling Shareholder is offering up to 63,500,000 Offer Shares. In addition, the Selling Shareholder has granted the Joint Global Coordinators, on behalf of the Underwriters, the Over-Allotment Option.

Neither the Offer Shares nor the Additional Shares (if any) have been or will be registered under the US Securities Act. The Offer Shares are being offered: (i) within the United States, to QIBs pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws; and (ii) outside the United States, in accordance with Regulation S.

Over-Allotment Option

The Selling Shareholder has granted to the Joint Global Coordinators, on behalf of the Underwriters, the Over-Allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to sell at the Offer Price Additional Shares held by the Selling Shareholder comprising up to 10% of the total number of Offer Shares sold in the Offering to cover short positions resulting from any over-allotments made in connection with the Offering.

The table below sets out the maximum number of Ordinary Shares that may be allotted as part of the Offering, assuming no exercise and full exercise of the Over-Allotment Option.

	Maximum number of Ordinary Shares allotted (no exercise of Over-Allotment Option)	Maximum number of Ordinary Shares allotted (full exercise of Over-Allotment Option)
Offer Shares	63,500,000	63,500,000
Additional Shares	—	6,350,000
Total	63,500,000	69,850,000

OFFER PRICE AND NUMBER OF OFFER SHARES

The Offer Price will be determined on the basis of a bookbuilding process. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range is between EUR 15.50 and EUR 19.00 per Offer Share.

The Offer Price and the exact number of Offer Shares offered will be determined by the Selling Shareholder in consultation with the Company following recommendations from the Joint Bookrunners, taking into account market conditions and factors, including:

- a qualitative assessment of demand for the Offer Shares;
- the Company's financial information;
- the history of, and prospects for, the Group and the industry in which the Group competes;
- an assessment of the Group's management, its past and present operations and the prospects for, and timing of, the Group's future revenues;
- the present state of the Group's development;
- the above factors in relation to the market valuation of companies engaged in activities similar to those of the Group; and
- any other factors deemed appropriate.

The Offer Price and the exact number of Offer Shares offered will be determined after the end of the Offer Period. The Offer Price and the exact number of Offer Shares offered in the Offering will be set out in a pricing statement that will be deposited with the AFM and

published in a press release on the Company's website and on the website of Euronext. Printed copies of the pricing statement will be available at the registered office of the Company.

APPLICATION TO PURCHASE OFFER SHARES

Offer Period

Subject to acceleration or extension of the timetable for the Offering, prospective investors may apply for Offer Shares during the period commencing on Monday 19 October 2009 at 09:00 CET and ending on Monday 2 November 2009 at 16:00 CET. The Joint Bookrunners may open and close the Offer Period at different dates for retail and institutional investors. In the event of an acceleration or extension of the Offer Period, pricing, Allocation, listing and first trading and payment for and delivery of the Offer Shares may be advanced or extended accordingly. If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares or Additional Shares arises or is noted prior to the end of the Offer Period, a supplement to this Prospectus will be published and investors who have already agreed to purchase Offer Shares may withdraw their applications within two business days following the date of publication of the supplement.

Acceleration or Extension

Any extension of the timetable of the Offering will be published in a press release on the Company's website at least three hours before the end of the original Offer Period, provided that any extension will be for a minimum of one full business day. Any acceleration of the timetable of the Offering will be published in a press release on the Company's website at least three hours before the proposed end of the accelerated Offer Period. In any event, the Offer Period will be at least six business days.

Change of Offer Price Range or Number of Offer Shares

The maximum number of Offer Shares may be increased or decreased and the Offer Price Range can be changed prior to the date on which Allocation takes place. Any such change will be published in a press release on the Company's website.

Application

Retail investors who wish to purchase Offer Shares should instruct their financial intermediary. The financial intermediary will be responsible for collecting applications from eligible retail investors and for informing the Retail Banks Coordinator of their application. All questions concerning the timelines, validity and form of instructions to a financial intermediary in relation to the exercise, sale or purchase of Offer Shares and, if applicable, Additional Shares, will be determined by the financial intermediaries in accordance with their usual procedures or as otherwise notified to the retail investors. The Company and the Selling Shareholder are not liable for any action or failure to act by a financial intermediary in connection with any purchase, or purported purchase, of Offer Shares and, if applicable, Additional Shares.

ALLOCATION

Allocation is expected to take place on the first business day after the end of the Offer Period. Allocations to investors who applied to purchase Offer Shares will be made on a systematic basis, and full discretion will be exercised as to whether or not and how to allocate the Offer Shares applied for. Investors may not be allocated all of the Offer Shares for which they apply. Ultimately, the Joint Bookrunners, on behalf of the Underwriters, in consultation with the Company and the Selling Shareholder, will determine the number of Offer Shares to be allocated.

Notwithstanding the above, it is intended that retail investors will benefit from preferential allocation as described below (which may represent approximately 15% of the Offer Shares)

(see “– Preferential Retail Allocation”) and eligible employees will benefit from allocation of Offer Shares at no cost (see “– Employee Allocation”). Apart from the Preferential Retail Allocation and Employee Allocation, the Joint Bookrunners, the Selling Shareholder and the Company retain full flexibility to change the intended allocation. All Offer Shares will be offered as part of a single offering. There is no separate tranche for retail investors.

Applications by eligible retail investors for the Offer Shares will only be made on a market order (*bestens*) basis. Accordingly, eligible retail investors will be bound to purchase and pay for the Offer Shares set out in their application and allocated to them at the Offer Price, even if the Offer Price is above the upper end of the original Offer Price Range. Retail investors are entitled to cancel or amend their application to the financial intermediary to whom their original application was submitted at any time prior to the end of the Offer Period.

Investors participating in the Offering will be deemed to have checked and confirmed that they meet the selling and transfer restrictions described in “Selling and Transfer Restrictions”. Each investor should consult his or her own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

On the date that Allocation occurs, RBS Hoare Govett Limited as Retail Banks Coordinator, on behalf of the Underwriters, will communicate to the admitted institutions the aggregate number of Offer Shares allocated to their respective retail investors. It is up to the admitted institutions to notify retail investors of their individual allocations. The Joint Bookrunners will communicate to institutional investors the number of Offer Shares allocated to them on the date that Allocation occurs.

PREFERENTIAL RETAIL ALLOCATION

Each retail investor in the Netherlands will be allocated the first 550 (or fewer) Offer Shares for which they apply, provided that if the total number of Offer Shares allocated to retail investors under the Preferential Retail Allocation, together with the total number of Offer Shares allocated pursuant to the Employee Allocation, would exceed 15% of the total number of the Offer Shares, the preferential allocation to each eligible retail investor may take place *pro rata* to the first 550 (or fewer) Offer Shares for which the eligible retail investor applies. As a result, eligible retail investors may not be allocated all of the first 550 (or fewer) Offer Shares for which they apply. The exact number of Offer Shares allocated to eligible retail investors will be determined after the Offer Period has ended.

A preferential allocation will only be made in relation to Offer Shares comprising up to 15% of the total number of Offer Shares. The Selling Shareholder, the Company and the Joint Bookrunners have full discretion as to whether or not, and how, to allocate the remainder of the Offer Shares applied for.

For the purpose of the Preferential Retail Allocation, an eligible retail investor is either:

- (a) a natural person resident in the Netherlands which also includes those employees of the Group, including those otherwise benefiting from the Employee Allocation, who meet the terms and conditions that will be communicated directly to them); or
- (b) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person.

To be eligible for the Preferential Retail Allocation, investors must place their orders during the period commencing on Monday 19 October 2009 at 09.00 CET and ending on Monday 2 November 2009 at 16.00 CET with ABN AMRO Bank N.V., Rabobank or any other member of Euronext that has agreed to the conditions set by the Retail Banks Coordinator applicable to the acceptance of share application.

Each of the Executive Board members will purchase Offer Shares in the Offering. Mr. Hoek will purchase Offer Shares for an amount of EUR 200,000 and each of the other Executive Board members will purchase Offer Shares for an amount of EUR 100,000. All Offer Shares purchased by the Executive Board members shall be allocated in full.

EMPLOYEE ALLOCATION

To encourage employee ownership of Ordinary Shares, the Company will allocate to eligible employees of the Group residing in the Netherlands 9 Offer Shares at no cost to the employee. To be eligible for this allocation of Offer Shares, employees of the Group must be residing in the Netherlands and have a contract for permanent employment as of 5 October 2009.

Assuming that the Offer Price will be at the mid-point of the Offer Price Range, the amount to be paid by the Company for these Offer Shares will amount to approximately EUR 639,164.

Offer Shares allocated at no cost to employees are to be held in a central custody account, in the name of Delta Lloyd Equity Plan, with ABN AMRO Bank N.V. until the expiry of a lock-up period up to and including 15 April 2010. Employees who have been allocated these Offer Shares can then choose to have the Offer Shares transferred to their own securities account or to be paid an equivalent cash amount. If an employee does not make a choice, the employee will be paid a cash amount. Where an employee elects to receive cash rather than Offer Shares at no cost, the Company will sell the Offer Shares on behalf of the relevant employee and will bear any taxes and fees arising from the sale and the employee will receive the sale proceeds. After expiry of the lock-up period, the Company will cease to play a role in the administration of Offer Shares allocated to employees and will close the central custody account.

Employees of the Group residing outside the Netherlands are not eligible for the Employee Allocation but such employees with a permanent employment contract as of 5 October 2009, being 2,290 employees, will receive a cash amount equal to the number of Offer Shares allocated to eligible employees as part of the Employee Allocation, multiplied by the closing price of the Ordinary Shares on Euronext Amsterdam on 15 April 2010. The difference in treatment between employees in the Netherlands and employees outside the Netherlands is the result of European securities regulations applicable to the Offering.

Delivery of the Offer Shares allocated at no cost to employees in the Netherlands and payment of the cash equivalent to employees outside the Netherlands will take place as soon as practicable after 15 April 2010.

Executive Board members do not qualify for the Employee Allocation.

Members of the Executive Board will receive a transaction bonus consisting of Ordinary Shares with a value equal to 100% of their base salary in the event of a successful completion of the Offering. The Company has also reserved a maximum amount of EUR 1.5 million that can be used to award a transaction bonus to a selected group of employees, excluding the Executive Board members, as acknowledgement for their efforts in the preparation of the Offering. See “Executive Board, Supervisory Board and Employees – Remuneration – Transaction Bonus”.

OTHER

Payment

Payment for the Offer Shares, and payment for Additional Shares pursuant to the Over-Allotment Option, if this has been exercised prior to the Settlement Date, is expected to take place on the Settlement Date. The Offer Price of the allocated Offer Shares must be paid in full in euro. The Offer Price is exclusive of any taxes and expenses, if any, which must be borne by the investor. The Offer Price of the Offer Shares must be paid by retail investors in cash upon remittance of their share application or, alternatively, by authorising their financial intermediary to debit their bank account with such amount for value on or about the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, allocation, first trading and payment and delivery).

Delivery, Clearing and Settlement

The Offer Shares will be registered Shares which are entered into the collection deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Dutch Securities (Bank Giro Transactions) Act. Application has been made for the Offer Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at

Herengracht 459-469, 1017 BS Amsterdam, the Netherlands. Delivery of the Offer Shares, and of the Additional Shares pursuant to the Over-Allotment Option, if this has been exercised prior to the Settlement Date, is expected to take place on the Settlement Date through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds.

Subject to acceleration or extension of the timetable for the Offering, the Settlement Date is expected to be Friday 6 November 2009, the third business day following the First Trading Date (T+3). The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement (see “Plan of Distribution”) are not satisfied or waived or occur on or prior to such date. Such conditions include the receipt of customary officers’ certificates and legal opinions and such events include the suspension of trading on Euronext Amsterdam or certain other markets or a material adverse change in the Company’s financial condition or business affairs or in the financial markets.

There are certain restrictions on the transfer of Ordinary Shares, as detailed in “Selling and Transfer Restrictions”.

Listing and Trading

Prior to the Offering, there has been no public market for the Ordinary Shares. Application has been made to list all of the Ordinary Shares on Euronext Amsterdam under the symbol “DL”. The ISIN (International Security Identification Number) is NL0009294552 and the common code is 045726215.

Subject to acceleration or extension of the timetable for the Offering, trading in the Ordinary Shares on Euronext Amsterdam is expected to commence on the First Trading Date. Trading in the Ordinary Shares before the closing of the Offering will take place on an “if-and-when-delivered” basis. The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date. See “Plan of Distribution”. If closing of the Offering does not take place on the Settlement Date or at all, the Offering will be withdrawn, all applications for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any payments made will be returned without interest or other compensation and Euronext may annul transactions that have occurred. All dealings in the Ordinary Shares prior to settlement and delivery, and in the Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Settlement Date, are at the sole risk of the parties concerned.

The Underwriters, the Company, the Selling Shareholder, the Listing Agent and Euronext do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Offering or the related annulment of any transaction in Ordinary Shares on Euronext Amsterdam.

Underwriters’ Compensation

In consideration of the agreement by the Underwriters to procure purchasers for or, failing which, to purchase themselves, the Offer Shares, and if applicable, the Additional Shares, at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Selling Shareholder has agreed to pay to the Underwriters certain selling, underwriting and management commissions of 2.5% of the product of the Offer Price and the aggregate number of Offer Shares and Additional Shares, if any, and may, at its discretion, pay additional commissions to the Joint Global Coordinators.

ROLES

The following persons fulfil the following roles in connection with the Offering:

Role:	Fulfilled by:
Joint Global Coordinators	Goldman Sachs International and Morgan Stanley & Co. International plc
Joint Bookrunners	Goldman Sachs International, Morgan Stanley & Co. International plc, Merrill Lynch International, J.P. Morgan Securities Ltd and RBS Hoare Govett Limited
Joint Co-Lead Managers	ABN AMRO Bank N.V. and Rabo Securities
Retail Banks Coordinator	RBS Hoare Govett Limited, acting as the bank coordinating demands sourced by the banks participating in the public offering to retail investors in the Netherlands
Listing Agent	ABN AMRO Bank N.V.
Stabilisation Agent	Morgan Stanley & Co. International plc
Paying Agent	ABN AMRO Bank N.V.

Under the terms and subject to the conditions set forth in the Underwriting Agreement, the Underwriters have severally agreed to procure purchasers for or, failing which, to purchase themselves, and the Selling Shareholder has agreed to sell to purchasers procured by the Underwriters or, failing which to the Underwriters themselves, the Offer Shares. The proportion of Offer Shares which each Underwriter may severally be required to purchase is indicated below.

Underwriters	Percentage of Offer Shares
Goldman Sachs International	25%
Morgan Stanley & Co. International plc	25%
Merrill Lynch International	15%
J.P. Morgan Securities Ltd	10%
RBS Hoare Govett Limited	10%
ABN AMRO Bank N.V.	7.5%
Rabo Securities	7.5%
Total	100%

The Underwriting Agreement provides that the obligations of the Underwriters to procure purchasers for, or failing which, to purchase themselves, the Offer Shares, and if applicable, the Additional Shares, are subject to: (i) entry into the pricing agreement between the Company, Aviva, the Selling Shareholder and the Joint Bookrunners on behalf of the Underwriters, which will contain the Offer Price (the **Pricing Agreement**), (ii) receipt of opinions on certain legal matters from counsel, and (iii) certain other conditions.

In consideration of the agreement by the Underwriters to procure purchasers for or, failing which, to purchase themselves, the Offer Shares, and, if applicable, the Additional Shares, at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Selling Shareholder has agreed to pay to the Underwriters selling, underwriting and management commissions of 2.5% of the product of the Offer Price and the aggregate number of Offer Shares and Additional Shares, if any. The Selling Shareholder may, at its discretion, pay additional commissions to the Joint Global Coordinators.

The Company, Aviva and the Selling Shareholder have been advised by the Underwriters that the Underwriters propose to offer the Offer Shares and, if applicable, the Additional Shares, subject to the entry into the Pricing Agreement. The Offering will comprise (i) a public offering to institutional and retail investors in the Netherlands and (ii) a private placement to certain institutional investors in various jurisdictions. The retail offer and employee offer have a preferential allocation. See “The Offering”.

The Offering is made: (i) within the United States, to QIBs pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws; and (ii) outside the United States, in accordance with Regulation S. Neither the Offer Shares nor the Additional Shares have been or will be registered under the US Securities Act and may not be offered or sold within the United States except as described in the immediately preceding sentence.

Any offer and sale in the United States will be made by affiliates of the Underwriters who are broker dealers registered under the US Exchange Act of 1934, as amended (the **US Exchange Act**).

In connection with the Offering, Morgan Stanley & Co. International plc as Stabilisation Agent, or its agents, on behalf of the Underwriters, may, to the extent permitted by applicable laws, over-allot or effect transactions with a view to supporting the market price of the Ordinary Shares, or any options, warrants or rights with respect to, or other interest in, the Ordinary Shares, if any, or other securities of the Company. These activities may raise or maintain the market price of the Ordinary Shares above independent market levels or prevent or retard a decline in the market price of the Ordinary Shares. Such transactions may be effected on Euronext Amsterdam, in the over-the-counter markets or otherwise. The Stabilisation Agent

and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken. Such stabilisation, if commenced, may be discontinued at any time and must be brought to an end within 30 days after the First Trading Date. Save as required by law or regulation, the Stabilisation Agent does not intend to disclose the extent of any stabilisation transactions under the Offering.

None of the Company, the Selling Shareholder or any of the Underwriters makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Ordinary Shares. In addition, none of the Company, the Selling Shareholder or any of the Underwriters makes any representation that the Stabilisation Agent will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The Company, the Selling Shareholder and Aviva have agreed with the Underwriters that, for a period of 180 days after the Settlement Date, they will not, except in the case of the Ordinary Shares to be sold in the Offering and subject to certain other exceptions, including the issuance by the Company of any Ordinary Shares pursuant to the restructuring of the Group's capital structure (see "Description of Share Capital and Corporate Structure – Compensation of the Share Capital – Restructuring of the share capital") without the prior consent the Joint Global Coordinators offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities exchangeable for or convertible into or exercisable for Ordinary Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares, whether any such transactions are to be settled by delivery of the Ordinary Shares or other securities, in cash or otherwise.

In addition, pursuant to the Strategic Investment Agreement, Aviva, the Selling Shareholder and their affiliates have agreed to certain lock-up arrangements which will be effective for a period of 180 days after the Settlement Date. See "Major Shareholders and Related Party Transactions – Strategic Investment Agreement".

Certain of the Underwriters and/or their respective affiliates have in the past engaged and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or Aviva or any parties related to any of them, in respect of which they, have and may in the future, receive customary fees and commissions. In addition, the Company has a joint venture with ABN AMRO Bank. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with, the interests of investors.

In connection with the Offering, each of the Underwriters and any of its affiliates acting as an investor for its own account may take up the Offer Shares and Additional Shares (if any) and, in that capacity, may retain, purchase or sell for its own account such securities and any securities of the Company or related investments, and may offer or sell such securities or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to the Offer Shares or the Additional Shares being offered or placed should be read as including any offering or placement of securities to any of the Underwriters and any affiliate acting in such capacity. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Prior to the Offering, there has been no public market for the Ordinary Shares. The Offer Price, which may be set within, above or below the Offer Price Range, and the exact number of Offer Shares and, if applicable, Additional Shares, offered will be determined by the Selling Shareholder in consultation with the Company following recommendations from the Joint Bookrunners taking into account market conditions and other factors. See "The Offering – Offer Price and Number of Offer Shares".

NOTICE TO INVESTORS

The offering of the Offer Shares to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional adviser as to whether they require any governmental or any other consent or need to observe any other formalities to enable the investor to accept, sell or purchase Offer Shares.

No action has been or will be taken to permit a public offering of the Offer Shares in any jurisdiction outside the Netherlands. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for informational purposes only and should not be copied or redistributed.

If an investor receives a copy of this Prospectus, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares and, if applicable, the Additional Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other offering materials or advertisements, the investor should not distribute the same in or into, or send the same to any person in, or any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, investors (including, without limitation, any investor's nominees and trustees) wishing to accept, sell or purchase Offer Shares must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Investors that are in any doubt as to whether they are eligible to purchase Offer Shares should consult their professional adviser without delay.

SELLING RESTRICTIONS

For Investors in European Economic Area

In relation to a Member State that has implemented the EU Prospectus Directive (a **Relevant Member State**), an offer to the public of any Shares which are the subject of the Offering, except for (i) the public offering in the Netherlands once the Prospectus has been approved by the AFM and published in accordance with the EU Prospectus Directive, and (ii) an offer to the public in that Relevant Member State of any Offer Shares and, if applicable, the Additional Shares, may be made at any time under the following exemptions under the EU Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than EUR 43 million, and (iii) an annual net turnover of more than EUR 50 million, as shown in its last annual or consolidated accounts;
- by the Underwriters to fewer than 100 natural or legal persons (other than a person that is a qualified investor within the meaning of Article 2(1)(c) of the EU Prospectus Directive) subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive;

provided that no such offer of Shares shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase Offer Shares or Additional Shares, as that definition may be varied in that Relevant Member State by any measure implementing the EU Prospectus Directive in that Relevant Member State, and the expression **EU Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

For Investors in the United Kingdom

Offers of the Offer Shares pursuant to the Offering are only being made to persons in the United Kingdom who are “qualified investors” or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the UK Financial Services and Markets Act 2000.

Any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, investment professionals falling within Article 19(5), or high net worth entities falling within Article 49(2), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, “relevant persons”). Persons who are not relevant persons should not take any action on the basis of this Prospectus and should not act or rely on it.

For Investors in Switzerland

This Prospectus does not constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to Article 32 of the Listing Rules of the SWX Swiss Exchange. The Offer Shares will not be listed on the SWX Swiss Exchange and, therefore, the Prospectus does not comply with the disclosure standards of the Listing Rules of the SWX Swiss Exchange. Accordingly, the Offer Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, who do not have a view to distribution to the public. The investors will be individually approached by the Underwriters from time to time. This Prospectus is personal to each offeree and does not constitute an offer to any other person. This Prospectus may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

For Investors in Japan

The Offer Shares and, if applicable, the Additional Shares, have not been and will not be registered under the Japanese Financial Instruments and Exchange Law, as amended (the **FIEL**). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

For Investors in Dubai International Financial Centre

This Prospectus relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (**DFSA**). This Prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with exempt offers. The DFSA has not approved this Prospectus or taken steps to verify the information set forth herein and has no responsibility for

the Prospectus. The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offer Shares should conduct their own due diligence on the Shares. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

TRANSFER RESTRICTIONS

The Offer Shares and, if applicable, the Additional Shares, have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States, except pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws.

Each purchaser of the Offer Shares outside the United States will, pursuant to Regulation S, be deemed to have represented and agreed that it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser acknowledges that the Offer Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to significant restrictions on transfer;
- the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, were located outside the United States at the time the buy order for such Shares was originated and continue to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States;
- the purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S as described in this Prospectus; and
- the Offer Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S.

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A will be deemed to have represented and agreed that it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser acknowledges that neither the Offer Shares nor the Additional Shares have been and/or will be registered under the US Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;
- the purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB;
- the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the US Securities Act;
- if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, such Offer Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, or (iii) in accordance with Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- the Offer Shares are “restricted securities” within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Offer Shares; and

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- the purchaser will not deposit or cause to be deposited such Offer Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Offer Shares are “restricted securities” within the meaning of Rule 144(a)(3).
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THE COMPANY

The Company was incorporated on 30 January 1968 and is registered in the commercial register of the Chamber of Commerce, Amsterdam, under number 33121461. The Company's registered address is Amstelplein 6, 1096 BC Amsterdam, the Netherlands. The telephone number of its registered office is +31 (0)20 594 91 11 and its fax number is +31 (0)20 693 79 68.

MATERIAL SUBSIDIARIES

The Company is the holding company of a group that includes the following material subsidiaries and significant investments (held directly or indirectly by the Company), all of which are engaged in the Company's field of activity or related activities, including the ownership of trademarks and licences related to the Group's business:

Name	Country of Incorporation	Percentage held by the Company (directly or indirectly)
OHRA N.V.	Netherlands	100%
OHRA Levensverzekeringen N.V.	Netherlands	100%
Delta Lloyd Groep Particuliere Schadeverzekeringen N.V.	Netherlands	100%
Delta Lloyd Verzekeringen N.V.	Netherlands	100%
Delta Lloyd Levensverzekering N.V.	Netherlands	100%
Delta Lloyd Schadeverzekering N.V.	Netherlands	100%
Delta Lloyd ABN AMRO Verzekeringen Holding B.V.	Netherlands	51%
ABN AMRO Schadeverzekering N.V.	Netherlands	51%
ABN AMRO Levensverzekering N.V.	Netherlands	51%
Delta Lloyd Asset Management N.V.	Netherlands	100%
Delta Lloyd Bankengroep N.V.	Netherlands	100%
Delta Lloyd Bank N.V.	Netherlands	100%
Delta Lloyd Bank België NV	Belgium	100%
Delta Lloyd Houdstermaatschappij België B.V.	Netherlands	100%
Delta Lloyd Life NV	Belgium	100%
Amstelhuys N.V.	Netherlands	100%
Delta Lloyd Deutschland A.G.	Germany	100%

AVAILABILITY OF DOCUMENTS

Copies (in print) of:

- the Articles of Association (in Dutch, and an English translation);
- the audited consolidated financial statements of the Company for the year ended 31 December 2006.

are available and can be obtained free of charge from the date of publication of this Prospectus at the Company's head office at Amstelplein 6, 1096 BC Amsterdam, the Netherlands, during normal business hours and in electronic form from the Company's website www.deltalloydgroep.com.

Copies (in print) of this Prospectus and any supplement to this Prospectus may be obtained free of charge from the date of publication of this Prospectus by sending a request by e-mail to the Company or in writing to the Company at the following address:

Delta Lloyd N.V.
Amstelplein 6
1096 BC Amsterdam
The Netherlands
(E-mail: IR@deltalloyd.nl)

Alternatively, Dutch residents may obtain copies of this Prospectus in electronic form free of charge for the same period through the Company's website (www.deltalloydgroep.com), or through the website of Euronext (www.euronext.com).

The Company has agreed that, for so long as any Offer Shares and, if applicable, the Additional Shares, are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted Shares or to any prospective purchaser of such restricted Shares designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act.

The Company is not currently subject to the periodic reporting and other information requirements of the US Exchange Act and does not intend to become subject to such requirements.

INDEPENDENT AUDITORS

The Company's consolidated financial statements as at and for the year ended 31 December 2008 have been audited by Ernst & Young and the consolidated financial statements as at and for the years ended 31 December 2006 and 2007 have been audited by PricewaterhouseCoopers. Ernst & Young and PricewaterhouseCoopers are independent auditors, as stated in their respective reports appearing herein. The independent auditors' reports have been unqualified. Ernst & Young are the current independent auditors of the Company. The independent auditors of the Company have no interest in the Company.

The Company's consolidated interim financial information for the six months ended 30 June 2009 and the six months ended 30 June 2008, which have been provided for comparison purposes, has been reviewed by Ernst & Young as stated in their report herein.

Ernst & Young is located at Antonio Vivaldistraat 150, 1083 HP Amsterdam, the Netherlands. PricewaterhouseCoopers is located at Thomas R. Malthusstraat 5, 1066 JR Amsterdam, the Netherlands. The independent auditors who signed on behalf of Ernst & Young and PricewaterhouseCoopers are members of the Royal Netherlands Institute of Registered Accountants (*Koninklijk Nederlands Instituut van Registeraccountants*).

Ernst & Young and PricewaterhouseCoopers have given, and have not withdrawn, their consent to the inclusion or incorporation by reference of their reports in this Prospectus in the form and context in which they are included. The Company confirms that the information in the Ernst & Young and PricewaterhouseCoopers reports in "Financial Information" has been accurately reproduced and that as far as it is aware and able to ascertain from information published by that party, no facts have been omitted which would render Ernst & Young's or PricewaterhouseCoopers' reports inaccurate or misleading.

INDEPENDENT ACTUARIES

Towers Perrin, an independent actuary, whose business address is Hullenbergweg 425, 1101 CS Amsterdam Zuidoost, the Netherlands, has undertaken an independent actuarial review of the methodology and assumptions used by the Group to calculate MCEV, and has prepared an opinion, a copy of which is included in the Prospectus. The actuaries who sign on behalf of Towers Perrin are members of the Dutch Actuarial Association (*Het Actuariel Genootschap*).

Towers Perrin has given, and has not withdrawn, its consent to the inclusion of its report in this Prospectus in the form and context in which it is included. The Company confirms that the information in Towers Perrin's report in "Financial Information" has been accurately reproduced and that as far as it is aware and able to ascertain from information published by that party, no facts have been omitted which would render Towers Perrin's report inaccurate or misleading.

The following definitions are used throughout this Prospectus:

ABN AMRO Bank	means ABN AMRO Bank N.V.
ABN AMRO Insurance	means the brand of insurance products marketed and sold by Delta Lloyd ABN AMRO Verzekeringen
Additional Shares	means up to 6,350,000 additional existing Ordinary Shares held by the Selling Shareholder comprising up to 10% of the total number of Offer Shares sold by it in the Offering, which the Selling Shareholder may be required to sell pursuant to the Over-Allotment Option
AEX Index	means the stock market index composed of a maximum of 25 of the most actively traded Dutch companies on Euronext Amsterdam
AFM	means the Netherlands Authority for the Financial Markets (<i>Autoriteit Financiële Markten</i>)
AIH	means Aviva International Holdings Limited, formerly named Commercial Union International Holding Ltd.
Allocation	means the allocation of the Offer Shares and, if applicable, the Additional Shares to investors
Amstelhuys	means Amstelhuys N.V.
AOW	means the general state pension (<i>algemene ouderdomswet</i>) in the Netherlands
APE	means annual premium equivalent and is calculated as new annual premiums plus 10% of single premiums during the relevant period
Articles of Association	means the articles of association of the Company that will become effective on the Settlement Date
Audit Committee	means the audit committee established by the Supervisory Board
AUM	means assets under management
Aviva	means Aviva plc
Aviva Supervisory Board Member	means a member of the Supervisory Board who is nominated by Aviva and is also a member of the management board of Aviva
BaFin	means the German Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>)
Bancassurance	means a bank's distribution network, including branches, call centres, financial centres and internet platforms
Basel Committee	means the Basel Committee on Banking Supervision of the Bank for International Settlements
Basel II	means the Basel Accord of 2004, the revised capital adequacy framework developed for the banking sector by the Basel Committee
BDPA	means the Belgian Data Protection Act
BDSG	means the German Data Protection Act (<i>Bundesdatenschutzgesetz</i>)
Belgian Banking Law	means the Law on the Legal Status and Supervision of Credit Institutions of 22 March 1993, as amended
Belgian Insurance Supervision Law	means the Belgian Law of 9 July 1975 on insurance supervision, as amended

BIS Ratio	means the solvency ratio of banks, calculated according to the guidelines of the Bank of International Settlements
Bundesbank	means the German Central Bank (<i>Deutsche Bundesbank</i>)
CAGR	means compounded annual growth rate
CBFA	means the Belgian Banking, Finance and Insurance Commission (<i>Commissie voor het Bank-, Financiën en Assurantiewezen/Commission bancaire, financière et des assurances</i>)
CBS	means Statistics Netherlands (<i>Centraal Bureau voor de Statistiek</i>)
Central Works Council	means the central works council (<i>centrale ondernemingsraad</i>) of the Company
CET	means Central European Time
CNHR	means cost of residual non-hedgeable risks
Company	means Delta Lloyd N.V.
Controlling Entity	means a person, company or group company that holds a total of at least 95% of the aggregate nominal value of a company's issued share capital for its own account
Cyrte	means Cyrte Investments B.V.
CZ	means Onderlinge Waarborgmaatschappij Centrale Zorgverzekeraars groep, and Onderlinge Waarborgmaatschappij CZ Groep Aanvullende Verzekering Zorgverzekeraar
Delta Lloyd ABN AMRO Verzekeringen	means Delta Lloyd ABN AMRO Verzekeringen Holding B.V.
Delta Lloyd Asset Management	means Delta Lloyd Asset Management N.V.
Delta Lloyd Banking	means the banking business of the Group including Delta Lloyd Bankengroep N.V. and its subsidiaries, Delta Lloyd Bank Netherlands and Delta Lloyd Bank Belgium
Delta Lloyd Bank Belgium	means Delta Lloyd Bank België NV (incorporated in Belgium)
Delta Lloyd Bank Netherlands	means Delta Lloyd Bank N.V. (incorporated in the Netherlands)
Delta Lloyd Belgium	means the Group's insurance business in Belgium
Delta Lloyd Deutschland	means Delta Lloyd Deutschland A.G.
Delta Lloyd Germany	means the Group's insurance business in Germany
Delta Lloyd Groep Zorgverzekeringen	means Delta Lloyd Zorgverzekeringen B.V.
Delta Lloyd Health Distributors	means the Company, Delta Lloyd Verzekeringen, OHRA and Delta Lloyd ABN AMRO Verzekeringen
Delta Lloyd Insurance	means the insurance business of the Group including Delta Lloyd ABN AMRO Verzekeringen and its subsidiaries and Delta Lloyd Houdstermaatschappij Verzekeringen N.V.
Delta Lloyd Levensverzekering	means Delta Lloyd Levensverzekering N.V.
Delta Lloyd Life	means Delta Lloyd Life NV (incorporated in Belgium)
Delta Lloyd Schadeverzekering	means Delta Lloyd Schadeverzekering N.V.
Delta Lloyd Services	means Delta Lloyd Services B.V.
Delta Lloyd Verzekeringen	means Delta Lloyd Verzekeringen N.V.
Delta Lloyd Zorgverzekering	means Delta Lloyd Zorgverzekering N.V.

Dependent Company	means: (a) a legal entity to which the Company or one or more Dependent Companies, solely or jointly and for its or their own account, contributes at least one half of the issued capital; or (b) a partnership having a business which is registered in the Commercial Register and for which the Company or a Dependent Company is fully liable as a partner towards third parties for all debts
Depository Receipts	means the depository receipts (<i>certificaten van aandelen</i>) for Shares
Deposit Shares	means Ordinary Shares that are included in the Deposit System
Deposit System	means deposit system pursuant to the Dutch Securities (Bank Giro Transactions) Act
Dividend Reserve A	means the dividend reserve to which profit remaining after the distributions, if any, to holders of the Protective Preference Shares, is added
DFSA	means Dubai Financial Services Authority
DNB	means the Dutch Central Bank (<i>De Nederlandsche Bank</i>)
DPA	means the Dutch Data Protection Act (<i>Wet bescherming persoonsgegevens</i>)
Dutch Association of Insurers	means <i>Verbond van Verzekeraars</i>
Dutch Bank Saving Act	means the Dutch Bank Saving Act (<i>Wet banksparen</i>)
Dutch Financial Supervision Act	means the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>) and the rules promulgated thereunder
Dutch Market Abuse Decree	means the Dutch Decree on Market Abuse pursuant to the Dutch Financial Supervision Act (<i>Besluit Marktmissbruik Wft</i>)
Dutch Securities (Bank Giro Transactions) Act	means the Dutch Securities (Bank Giro Transactions) Act (<i>Wet giraal effecten verkeer</i>)
Dutch Structure Regime Reform Act	means the legislation which entered into effect on 1 October 2004, regarding the amendments to the Dutch large company regime
ECB	means the European Central Bank
EEA	means the European Economic Area
Employee Allocation	means the allocation of 9 Offer Shares at no cost to each employee of the Group residing in the Netherlands and having a permanent employment contract as at 5 October 2009
Enterprise Chamber	means the Enterprise Chamber of the Amsterdam Court of Appeal (<i>Ondernemingskamer van het Gerechtshof te Amsterdam</i>)
Erasmus	means Levensverzekering Maatschappij Erasmus N.V.
Ernst & Young	means Ernst & Young Accountants LLP
EU	means the European Union
EU Prospectus Directive	means Directive 2003/71/EC of the European Parliament and of the Council of the European Union
EUR or euro	means the currency of the European Monetary Union
Euroclear	means Euroclear Bank S.A./N.V. as operator of the Euroclear System
Euroclear Nederland	means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland, the Dutch depository and settlement institute, a subsidiary of Euroclear

Euronext	means Euronext Amsterdam N.V.
Euronext Amsterdam	means Euronext Amsterdam by NYSE Euronext
Eurostoxx Index	means the Dow Jones EURO STOXX 50 Index, which index covers 50 supersector leader stocks from 12 Eurozone countries
Executive Board	means the executive board (<i>raad van bestuur</i>) of the Company
First Trading Date	means the date that trading in the Ordinary Shares on an “if-and-when-delivered” basis on Euronext Amsterdam is expected to commence, which subject to acceleration or extension of the timetable for the Offering, is expected to be Tuesday 3 November 2009
Fonds NutsOhra	means Stichting Fonds NutsOhra
Foundation Continuïteit Delta Lloyd	means Stichting Continuïteit Delta Lloyd
FC	means frictional costs of required capital
FIEL	means Japanese Financial Instruments and Exchange Law
FRSA	means the Dutch Financial Reporting Supervision Act (<i>Wet toezicht financiële verslaggeving</i>)
FTEs	means full-time equivalents
FY	means financial year
GDP	means gross domestic product
General Meeting	means the general meeting of the Company
Group	means the Company and its subsidiaries
Group CLA	means the collective bargaining agreement which is entered into by the Company and the trade unions
Group Portfolio	means the Group’s own risk investment funds
Health Companies	means Delta Lloyd Zorgverzekering, OHRA Ziektekostenverzekeringen N.V. and OHRA Zorgverzekeringen N.V.
Health Contingent Liability	means the residual contingent liability relating to the disposal of the Health Companies to CZ
IAS	means international accounting standards
IASB	means the International Accounting Standards Board
ICA	means individual capital assessment
ICT	means information and communications technology
IDR	means implied discount rate
IFA	means independent financial advisers
IFRS	means international financial reporting standards as adopted by the European Union
Independent Source	means an independent industry publication, government publication, report by market research firm or another independent publication
Intermediaries	means independent intermediaries through which life and general insurance products are distributed, which include IFAs, underwriting agents (<i>volmacht</i> , with respect to general insurance), actuarial consulting firms (with respect to life insurance) and brokers. For the avoidance of doubt, each type of Intermediary is not used in each geographical market
IT	means information technology

Joint Bookrunners	means Goldman Sachs International, Morgan Stanley & Co International plc, Merrill Lynch International, J.P. Morgan Securities Ltd, and RBS Hoare Govett Limited
Joint Co-Lead Managers	means ABN AMRO Bank N.V. and Rabo Securities
Joint Global Coordinators	means Goldman Sachs International and Morgan Stanley & Co International plc
Life MCEV	means MCEV in respect of the covered business
Listing Agent	means ABN AMRO Bank N.V.
MCEV	means market-consistent embedded value
MCEV Principles	means the European Insurance CFO Forum Market Consistent Embedded Value Principles published on 4 June 2008 by the CFO Forum
Member State	means a member state of the European Economic Area
MiFID	means the Markets in Financial Instruments Directive
NBB	means the National Bank of Belgium
NHR capital	means non-hedgeable risk capital
NLG	means Dutch guilders
NMa	means the Netherlands Competition Authority (<i>Nederlandse Mededingingsautoriteit</i>)
Nomination Committee	means the nomination committee established by the Supervisory Board
NSF	means Nationaal Spaarfonds
Offering	means the offering of Offer Shares as described in this Prospectus
Offer Period	means, subject to acceleration or extension of the timetable of the Offering, the period in which prospective investors may apply for Offer Shares, being from Monday 19 October 2009 at 09:00 CET until Monday 2 November 2009 at 16:00 CET
Offer Price	means the price of the Offer Shares and, if applicable, the Additional Shares, to be determined after the Offer Period has ended
Offer Price Range	means the range of the Offer Price, being between EUR 15.50 and EUR 19.00 (inclusive) per Offer Share
Offer Shares	means up to 63,500,000 Ordinary Shares
OHRA	means OHRA N.V.
Ordinary Shares	means the ordinary shares in the capital of the Company with a nominal value of EUR 1.00 each, which after the 1:5 share split on the Settlement Date will have a nominal value of EUR 0.20 each
ORSA	means own risk and solvency assessment
Over-Allotment Option	means an option which has been granted to the Joint Global Coordinators on behalf of the Underwriters by the Selling Shareholder exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators may require the Selling Shareholder to sell at the Offer Price Additional Shares to cover short positions resulting from over-allotments made, if any, in connection with the Offering
PFIC	means passive foreign investment company for US federal income tax purposes
Phantom Option Plan	means the Delta Lloyd Phantom Option Plan

PMLA	means the Dutch Prevention of Money Laundering and Financing of Terrorism Act (<i>Wet ter voorkoming van witwassen en financieren terrorisme</i>)
Preference Shares A	means the preference shares A in the capital of the Company with a nominal value of EUR 1.00 each, which after the 1:5 share split on the Settlement Date will have a nominal value of EUR 0.20 each
Preferential Retail Allocation	means the preferential allocation of Offer Shares to eligible retail investors in the Netherlands
PricewaterhouseCoopers	means PricewaterhouseCoopers Accountants N.V.
Pricing Agreement	means the pricing agreement between the Company, Aviva, the Selling Shareholder and the Joint Bookrunners on behalf of the Underwriters
Prospectus	means this prospectus dated 19 October 2009
Protective Preference Shares	means the protective preference shares in the capital of the Company with a nominal value of EUR 0.20 each
PSB	means Delta Lloyd Groep Particuliere Schadeverzekeringen N.V.
PVFP	means present value of future profits
PVNBP	calculated as the present value of new regular premiums plus 100% of new single premiums for the period, using assumptions consistent with those used to determine the value of new business under MCEV
QEF	means qualified electing fund
QIB	means Qualified Institutional Buyer as defined in Rule 144A
Qualified Majority	means at least two-thirds of the votes cast in a meeting in which at least two-thirds of the issued capital is present or represented. If less than two-thirds of the Company's issued capital is present or represented at the meeting, a second meeting shall be held at which the Qualified Majority means at least two-thirds of the votes cast regardless of the amount of the Company's issued share capital that is present or represented at the meeting. If the quorum at the first meeting is not met due to Aviva not being present or represented at the first meeting, Qualified Majority in the first meeting shall mean at least two-thirds of the votes cast, regardless of the amount of the Company's issued share capital that is present or represented at the meeting. In the event that Aviva holds less than 15% of the issued capital of the Company, Qualified Majority shall mean a majority of two-thirds of the votes cast regardless of any present or represented capital at the meeting
Regulation S	means Regulation S under the US Securities Act
Relevant Member State	means each Member State that has implemented the EU Prospectus Directive
Remuneration Committee	means the remuneration committee established by the Supervisory Board
Retail Banks Coordinator	means RBS Hoare Govett Limited, acting as the bank coordinating demands sourced by the banks participating in the public offering to retail investors in the Netherlands
Rule 144A	means Rule 144A under the US Securities Act
SCR	means solvency capital required
Selling Shareholder	means CGU International Holdings B.V.

Settlement Date	means the date on which the Offer Shares will be received by investors, which, subject to acceleration or extension of the timetable of the Offering, is expected to be on or about Friday 6 November 2009 (the third business day following the First Trading Date)
Shares	means shares in the Company, including the Ordinary Shares, Preference Shares A and Protective Preference Shares
Shareholder	means a holder of at least one Share in the capital of the Company
SME	means small and medium-sized enterprise
Solvency I	means the current European regulatory framework for the prudential supervision of insurance and reinsurance companies
Solvency II	means the new European regulatory framework for the prudential supervision of insurance and reinsurance companies, due to come into force on 31 October 2012
SOx	means the US Sarbanes-Oxley Act of 2002
Stabilisation Agent	means Morgan Stanley & Co. International plc in its capacity as stabilisation agent
Strategic Investment Agreement	means the strategic investment agreement entered into by the Company, Aviva and the Selling Shareholder immediately prior to the Offering
Supervisory Board	means the supervisory board (<i>raad van commissarissen</i>) of the Company
Swiss Life Belgium	means Swiss Life Belgium NV
Third Party Portfolios	means third party investment funds
Tier 1 Capital	means the core solvency capital calculated according to the guidelines of the Bank of International Settlements, being the sum of core capital elements, including capital stock, surplus, undivided profits, qualifying non-cumulative perpetual preferred stock and, in the case of consolidated accounts, minority interest in the equity accounts of subsidiaries which are less than wholly-owned, less goodwill and other intangible assets
Tier 1 Ratio	means Tier 1 Capital (including debt Tier 1 Capital) divided by the risk weighted assets
Towers Perrin	Towers Perrin Netherlands B.V.
TVOG	means time value of financial options and guarantees
Underwriters	means Goldman Sachs International, Morgan Stanley & Co. International plc, Merrill Lynch International, J.P. Morgan Securities, RBS Hoare Govett Limited, ABN AMRO and Rabo Securities
Underwriting Agreement	means the underwriting agreement between the Company, Aviva, the Selling Shareholder and the Joint Bookrunners on behalf of the Underwriters dated 19 October 2009
United Kingdom or UK	means the United Kingdom of Great Britain and Northern Ireland
United States or US	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
USD	means United States dollar
US Exchange Act	means the United States Exchange Act of 1934, as amended

US Securities Act
VIF

means the United States Securities Act of 1933, as amended
means value of in-force covered business

annual premium	An insurance policy where the policyholder makes periodic payments. The annual premium includes the annualised amount of regular premiums that occur at different frequencies than annual.
annuity	A contract between an annuitant and an insurance company, under which the annuitant makes a lump-sum payment or a series of payments. In return, the insurer agrees to make periodic payments to the annuitant beginning immediately or at some future date. Immediate annuities provide the annuitant with income from the date the policy is taken out and deferred annuities provide the annuitant with income at a future specified date.
<i>bancaire lijfrente</i>	Banking annuities, a long-term savings and investment product that provides economic returns to customers that are similar to, and otherwise substitute for, individual life annuity products.
bancassurance	The selling of insurance and other similar products through a bank.
cede; ceding insurer; cession	When an insurer reinsures its risk with another insurer (a “cession”), it “cedes” business and is referred to as the “ceding insurer”.
claim	A demand made by the insured, or the insured’s beneficiary, for payment of the benefits as provided by the policy.
claim frequency	The number of claims occurring under a given coverage divided by the number of exposures for the given coverage.
combined ratio	The sum of the loss ratio and the expense ratio for a non-life insurance company or a reinsurance company. A combined ratio below 100 generally indicates profitable underwriting. A combined ratio over 100 generally indicates unprofitable underwriting. An insurance company with a combined ratio over 100 may be profitable to the extent net investment results exceed underwriting losses.
commission ratio deferred policy acquisition costs or DAC	Commissions and certain other underwriting, policy issuance and selling expenses that are directly related to the production of business are referred to as policy acquisition costs. Policy acquisition costs that vary based on the level of production are deferred and later amortised to achieve matching revenues and expenses.
defined benefit	A pension plan where specified benefits are accrued that equal a certain percentage of the insured’s “pensionable income” for each year that the insured participates in the plan.
defined contribution	A pension plan where specified contributions are paid into an account for the insured and then invested, with returns credited to the employee’s account. Upon termination of the plan, the balance of the employee’s account is used to purchase an annuity.

expense ratio	The ratio of non-life insurance or reinsurance operating expenses (acquisition costs, plus policy administration expenses, less reinsurance commission and profit participation) to net earned premiums. These operating expenses are also referred to as technical expenses.
general account	The assets of an insurance company that support its insurance and other obligations (excluding unit-linked (separate account) obligations).
gross written premiums	Total premiums (whether or not earned) for insurance contracts written or assumed (including deposits for contracts with an insignificant amount of mortality or morbidity risk) during a specific period, without deduction for premiums ceded.
group insurance	Insurance of a collective pension plan for a group of employees, usually taken out by an employer that is not affiliated with an industry-wide or company pension fund.
IBNR	Reserves for estimated losses and LAE which have been incurred but not yet reported to the insurer or reinsurer, including the future development of claims which have been reported to the insurer or reinsurer but where the established reserves may ultimately prove to be inadequate.
individual insurance	Life insurance for an individual and their family, such as annuities.
lapse	Termination of a policy because of the policy's surrender, a failure to pay a premium or a lack of sufficient cash value to maintain the policy's in-force status.
loss	An injury, harm, damage or financial detriment that a person sustains. Losses may be covered, limited or excluded from coverage, depending on the terms of the policy.
loss adjustment expenses (LAE)	The expenses of investigating and settling claims, including certain legal and other fees, and the expenses of administering the claims adjustment process.
loss ratio	The ratio of a non-life insurance or reinsurance company's net incurred losses and LAE to net premiums earned.
net premiums earned	The portion of net premiums recognised for accounting purposes as income during a specified period.
net written premiums	Gross premiums less premiums ceded for reinsurance.
participating contracts	Insurance in which the policyholder is entitled to participate in the earnings or surplus of a portfolio of the whole insurance enterprise. The participation occurs through the distribution of dividends to policyholders.
reinsurance	The practice whereby one insurer, called the reinsurer, in consideration for premiums received, agrees to indemnify the ceding insurer for all or a portion of the risk under a policy or policies of insurance issued by the ceding insurer. The legal rights of the insured generally are not affected by the reinsurance transaction, and the insurance enterprise issuing the insurance contract remains liable to the insured for payment of policy benefits.

reserves	Liabilities established by insurers and reinsurers to reflect the estimated cost of claims payments and benefits payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in accordance with the insurance or reinsurance it has written.
retention	The amount or portion of risk which a ceding insurer retains for its own account. Losses and loss expenses paid by the ceding insurer in excess of the retention level are then reimbursed to the insurer by the reinsurer. In proportional insurance, the retention may be a percentage of the original policy's limit. In non-proportional insurance, the retention is an amount of loss, a loss ratio or a percentage.
separate account	An investment account established and maintained by an insurer to which funds have been allocated for certain insurance policies or contracts of the insurer. The income, gains and losses realised from assets allocated to the account are, in accordance with the insurance policies or contracts, credited to or charged against the account without regard to other income, gains or losses of the company or the company's other separate accounts. Separate accounts cannot generally be charged with the liabilities of the general account. The policyholders bear all of the investment risk for these products.
single premium	An insurance policy where the policyholder pays a single, one-off premium.
surrender	Many life insurance products permit the insured to withdraw a portion or all of the cash surrender value of the contract. Future benefits are reduced accordingly.
technical expenses	Those non-life insurance or reinsurance operating expenses which are used to calculate the expense ratio.
term life insurance	Life insurance protection for a limited period which expires without maturity value if the insured survives the period specified in the policy.
traditional life insurance	Life insurance where the insured's family receives a fixed, pre-determined amount at the end of the policy term, sometimes supplemented by a profit-sharing arrangement, and the policyholder runs no risk ("branch 21" products in Belgium).
underwriting	The process whereby an insurer or reinsurer reviews applications submitted for insurance or reinsurance coverage and determines whether it will provide all or part of the coverage being requested for an agreed premium.
underwriting results	The pre-tax profit or loss experienced by a non-life insurance company or reinsurance company after deducting incurred losses and loss expenses and operating expenses from premiums earned. This profit and loss calculation includes reinsurance assumed and ceded but excludes investment income.
unit-linked insurance	Insurance that is a combination of life insurance and an investment, where premiums paid are invested in investment funds, meaning the value of the policy directly depends on the value of the underlying investments, and as such, the risk rests with the policyholder ("branch 23" products in Belgium).

universal life insurance	A life insurance product under which premiums are generally flexible, the level of death benefits may be adjusted, and expenses and other charges are specifically disclosed to the policyholder and deducted from their account balance.
white label product	A product underwritten by one company that is sold under another company's brand.



19 October 2009

The Directors
Delta Lloyd N.V.
Amstelplein 6
1096 BC Amsterdam
The Netherlands

Dear Sirs,

CONSULTING ACTUARIES' REPORT

1. INTRODUCTION

Delta Lloyd N.V. has prepared results in respect of Delta Lloyd N.V. and its subsidiaries ("Delta Lloyd Group") on an embedded value basis for its life insurance business and an assessment of the implicit margins within the technical reserves for its general insurance business and within the residual contingent liability relating to the disposal of Delta Lloyd N.V.'s health business. The results cover the following periods: the six month periods ended 30 June 2009 and 30 June 2008 ("HY 2009" and "HY 2008", respectively) and the twelve month periods ended 31 December 2008 and 31 December 2007 ("FY 2008" and "FY 2007", respectively).

Towers Perrin Netherlands B.V. ("Towers Perrin") has been engaged jointly by Aviva plc and Delta Lloyd N.V. to review certain matters relating to these results, in connection with the listing of shares in Delta Lloyd N.V. on the Amsterdam stock exchange.

This report, which has been produced for inclusion in the prospectus dated 19 October 2009 (the "Prospectus"), sets out the scope of the work we have undertaken and summarises the conclusions of our work. The reader's attention is drawn to Section 4 of this report which sets out certain reliances and limitations relating to the use of this report.

This report should be read in conjunction with the rest of the Prospectus, which provides a more complete description of the business of, and risk factors relating to, the Delta Lloyd Group.

2. SCOPE OF WORK

The scope of our work comprised the following three elements:

- (a) To review the methodology and assumptions used by Delta Lloyd N.V. to calculate the embedded value results, together with the related disclosure provided in the Prospectus, against the requirements of the European Insurance CFO Forum Market Consistent Embedded Value Principles ("MCEV Principles") ^{©1} published on 4 June 2008;
- (b) To review the embedded value results calculated by Delta Lloyd N.V., against the methodology and assumptions set out in the Prospectus; and
- (c) To review the technical reserves and the margins for certain general insurance entities of Delta Lloyd N.V. as at 30 June 2009 and to confirm that these technical reserves less the margin fall within a reasonable range of actuarial estimates.

The results that were covered by the scope of our work are shown in Appendix A to this report.

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The Directors of Delta Lloyd N.V.
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The methodology and assumptions that have been used by Delta Lloyd N.V. to prepare the embedded value results of the Delta Lloyd Group are documented, together with the results, in the part of the Prospectus entitled “Operating and Financial Review – Market-Consistent Embedded Value” (“OFR – MCEV”), and this report should be read in conjunction with that part of the Prospectus.

The directors of Delta Lloyd N.V. are responsible for the methodology and assumptions that have been used and for preparing the results.

Appendix A includes a table showing the results for the embedded value of the covered business calculated on a traditional embedded value basis (Table 6). These results have been included by Delta Lloyd N.V. to provide additional information to investors, but are not required by the MCEV Principles. Therefore the opinion we give in Section 3.1 does not pertain to this part of the embedded value results.

The scope of our work on the traditional embedded value results related solely to a review of the preparation of the results against the stated methodology and assumptions, and did not include providing any opinion on the methodology and assumptions used to calculate these results. The outcome of this review is covered within the opinion we give in Section 3.2.

In the past Towers Perrin has been commissioned by Delta Lloyd N.V. to review certain embedded value results. In arriving at our opinion in this report we have made use of our knowledge acquired during these previous reviews of the business and embedded value models of Delta Lloyd Group, where we considered it appropriate to do so. It is important to note however, that the basis used by Delta Lloyd N.V. to calculate these results has changed over time, the purpose and scope of our historic reviews were different from the engagement to which this report pertains, and our prior work was not prepared for external disclosure.

3. OPINION

Based on the scope of work set out above, and subject to the reliances and limitations set out in Section 4, we report below our conclusions on each of the three elements of our review.

3.1 Compliance with MCEV Principles

PERIODS UP TO AND INCLUDING 30 JUNE 2008

Subject to the exceptions noted below, we have concluded that the methodology and assumptions used by Delta Lloyd N.V. in calculating the embedded value results that are set out in Appendix A of this report for the periods up to and including 30 June 2008, together with the disclosure provided in the OFR – MCEV part of the Prospectus, complies with the requirements of the MCEV Principles.

PERIODS ENDED ON 31 DECEMBER 2008 AND 30 JUNE 2009

Our review of the methodology and assumptions used by Delta Lloyd N.V. in calculating the embedded value results for FY 2008 and HY 2009 identified a number of areas of non-compliance with the MCEV Principles that have a material effect on the results. These are as follows:

- The reference rates used for some parts of the Delta Lloyd Group’s business are not equal to the swap yield curve;
- The volatility assumptions used for FY 2008 are based on market conditions as at 31 August 2008 rather than as at 31 December 2008; and
- The cost of non-hedgeable risks for FY 2008 does not make allowance for the impact of the non-hedgeable financial risk arising from the use of the collateralised AAA bond curve as the reference rate.

The Directors of Delta Lloyd N.V.
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In addition, it was not possible, with the information provided, to assess whether the allowance that was made for non-hedgeable financial risk at HY 2009 was sufficient, as required by the MCEV Principles.

Under the MCEV Principles compliance with all of the Principles is compulsory, except where not considered material. Whilst the approach taken by Delta Lloyd N.V. conforms with a number of elements of the MCEV Principles, the aforementioned points are material and therefore we have concluded that Delta Lloyd N.V.'s embedded value basis for FY 2008 and HY 2009 does not comply with the requirements of the MCEV Principles.

Information on the impact on the embedded values and new business values of using a basis that is compliant with the MCEV Principles in respect of the above areas is provided in Table 5 in Appendix A of this report.

The MCEV Principles were designed during a period of relatively stable market conditions. Following the increasing market dislocation in the latter half of 2008 few CFO Forum member companies published embedded value results based on the MCEV Principles for FY 2008. Of those that did, some chose to use reference rates for some or all of their business that were not equal to the swap yield curve and some chose to use volatility assumptions for some all or all of their business that were not based on market conditions at 31 December 2008. The approach taken by Delta Lloyd N.V. to the choice of reference rates and volatilities should be considered in this context.

The CFO Forum has announced that it is reviewing the MCEV Principles that were published on 4 June 2008 in the light of recent market conditions, and that this review may result in significant amendments to the MCEV Principles. Our review has not anticipated any potential changes that the CFO Forum might make to the MCEV Principles.

ALL PERIODS

In addition to the foregoing, there are other areas, which apply to all periods, where Delta Lloyd N.V.'s preparation of the embedded value results does not comply with the MCEV Principles:

- The treatment of group business in the calculation of the embedded value and new business value assumes that all contracts are renewed at their contractual end date (rather than a best estimate of the proportion that will renew) and future contractual and reasonably predictable increases in premium have been excluded, together with a lower expense inflation assumption being applied to the group traditional business; and
- The valuation of the non-covered business that is included in the Group MCEV balance sheet represents the IFRS net asset value of that business (as required by the MCEV Principles) but also includes the value of additional reserve margins on Delta Lloyd Group's general insurance business and discontinued health business (see Section 3.3 of this report for comments on the general insurance reserve margins).

The impact on the results of the treatment of group business has not been assessed.

We note that there are other elements of the methodology and assumptions, together with the disclosure, that do not comply with some of the Guidance in the MCEV Principles, but that the material elements have been appropriately disclosed in the OFR – MCEV part of the Prospectus, as required by the MCEV Principles.

As part of our review of compliance against the MCEV Principles, we consider that, apart from the treatment of group business referred to above and the treatment of holding company expenses in the maintenance expense assumptions used in the new business value calculation, which has been disclosed by Delta Lloyd N.V., the operating assumptions have been set with appropriate regard to past, current, and expected future experience.

The Directors of Delta Lloyd N.V.
19 October 2009
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3.2 Review of embedded value results

We have reviewed the embedded value results as set out in Appendix A of this report against the methodology and assumptions as set out in the OFR – MCEV part of the Prospectus. Our review of the embedded value results was designed to satisfy ourselves on the overall reasonableness of these results, in relation to the disclosed methodology and assumptions of Delta Lloyd N.V. Our review included a number of reasonableness checks on the projected aggregate revenue account output from Delta Lloyd N.V.'s models, checks on the validation of the models to accounting data, and reasonableness checks on the consolidation of the results from the models to arrive at the final results. However, we have not carried out detailed checking of the models and processes involved in calculating the results.

On the basis of this review, we are satisfied that, except as noted below, the embedded value results set out in Appendix A of this report have been compiled in a manner consistent, in all material respects, with the methodology and assumptions set out in the OFR – MCEV part of the Prospectus.

The exception referred to above is that we consider the calculations underlying the results for Germany contain approximations that are acceptable in the context of the results at the Delta Lloyd Group level but which may not be sufficiently accurate considering the German results in isolation.

3.3 Review of general insurance reserve margins

Delta Lloyd N.V. establishes its technical reserves for its general insurance business including a margin. In its Group MCEV Delta Lloyd takes credit for this margin on an after-tax basis.

An actuarial review of the technical reserves and margin uses past claims data, knowledge of the business and current market knowledge to project the likely overall liabilities arising from claims incurred on the basis of the information currently available.

This opinion addresses the technical reserves and margin of Delta Lloyd Schadeverzekering N.V., ABN AMRO Schadeverzekering N.V., and Schadeverzekering Maatschappij Erasmus N.V. We have not been asked to review the general insurance technical reserves of other companies in the Delta Lloyd Group or the residual contingent liability relating to the disposal of Delta Lloyd N.V.'s health business. The reviewed portion of the general insurance technical reserves is 83% of the total general insurance technical reserves of Delta Lloyd Group as at 30 June 2009, as shown in Table 7 of Appendix A.

Towers Perrin has reviewed the technical reserves and the margins as at 30 June 2009 as received from Delta Lloyd Group and as shown in Appendix A, and concludes that the total of technical reserves less margin is reasonable, in that it falls within Towers Perrin's range of reasonable estimates.

We have been informed that the technical reserves are taken from the balance sheet information as at 30 June 2009 on a regulatory basis, which are prepared in accordance with IFRS, taking the sum of the premium reserves and the loss reserves. The reserves include the mathematical reserves for long-term disability income insurance and the claims handling reserves, and are net of reinsurance and future salvage and subrogation recoveries. The amounts which appear in Appendix A are included in the unaudited, auditor-reviewed IFRS financial statements of the Delta Lloyd Group as at 30 June 2009. The totals reflect 100% of the consolidated Delta Lloyd Group and do not reflect the fact that it only owns 51% of ABN AMRO Schadeverzekering N.V.

The Directors of Delta Lloyd N.V.
19 October 2009
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4. RELIANCES AND LIMITATIONS

In carrying out this review and preparing this report we have relied on audited and unaudited information supplied to us by, or on behalf of, the management of Delta Lloyd N.V., and Delta Lloyd N.V.'s subsidiaries, including information given orally, and on information from a range of other sources. We relied on the accuracy and completeness of this information without independent verification. In particular, reliance was placed on, but not limited to, the accuracy of the following:

- MCEV Reports prepared by Delta Lloyd N.V. and Delta Lloyd N.V.'s subsidiaries;
- Statistical data and the results of experience studies relating to the current and historical operating experience of the Delta Lloyd Group;
- Policy data in respect of the in-force business of Delta Lloyd Group at each valuation date;
- Information on the asset values and regulatory liabilities of the Delta Lloyd Group at each valuation date, and the bases used to calculate the regulatory liabilities;
- New business data for each of the reporting periods;
- Financial projection models of Delta Lloyd Group used for calculating the embedded value results;
- Economic scenarios used for each of the reporting periods;
- Premium rates, commission rates, product charges, and reinsurance terms;
- Product terms and conditions as described in product documentation and other written and oral descriptions of product features;
- Annual accounts and Statutory statements;
- Information regarding levels of earned premium and reserves, claim payments and terms of reinsurance arrangements; and
- Delta Lloyd N.V.'s financial statements for the IFRS net asset values incorporated in the Group MCEV.

Judgements as to the contents of this report should be made only after studying this report in its entirety, together with the rest of the Prospectus, as the conclusions reached by review of a section or sections on an isolated basis may be incorrect.

This report is produced for the directors of Delta Lloyd N.V. and designed solely to meet their requirements.

We have not attempted to determine the quality of the current asset portfolios of any companies in the Delta Lloyd Group, nor have we reviewed the adequacy of the balance sheet provisions except as otherwise disclosed herein.

The results shown in this report only consider claims by policyholders in the normal course of business under the terms of the policies issued to them. No attempt has been made to determine the effect upon the results of any other claims by or against any companies in the Delta Lloyd Group.

The results shown in this report are based on a series of assumptions as to the future. It should be recognised that actual future results will differ from those shown, on account of changes in the operating and economic environments and natural variations in experience, which could have a significant effect on the results and the conclusions of this report. No warranty is given by Towers Perrin that future experience will be in line with the assumptions made.

The results shown are not intended to represent an opinion of market value and should not be interpreted in that manner. This report does not purport to encompass all of the many factors that may bear upon a market value.

The Directors of Delta Lloyd N.V.
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Towers Perrin has assumed that the general insurance business will proceed as it has in the past. We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect the cost, frequency, or future reporting of claims. In addition, our estimates make no provision for potential future claims arising from loss causes not represented in the historical data (such as new types of mass torts or latent injuries, terrorist acts) except insofar as claims of these types are included but not identified in the reported claims and are implicitly analysed.

We have assumed that all of Delta Lloyd Group's reinsurance protection will be valid and collectable. Contingent liability may exist for any reinsurance recoveries that may prove to be uncollectable.

This report and the results, opinions and conclusions herein are presented as at 30 June 2009 and may be rendered inaccurate by developments after this date.

Yours faithfully,

Towers Perrin Netherlands B.V.

A handwritten signature in black ink, appearing to read "P.E. den Hartog".

drs. P.E. den Hartog AAG
Principal

A handwritten signature in black ink, appearing to read "H.J. Kriek".

drs. H.J. Kriek AAG
Principal

The Directors of Delta Lloyd N.V.
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APPENDIX A – RESULTS

The tables in this Appendix show the results determined by Delta Lloyd N.V. and, except where noted otherwise below, reviewed by Towers Perrin. Explanations for the results and the terminology used are provided in the OFR – MCEV part of the Prospectus.

TABLE 1.1: SUMMARY OF MCEV RESULTS (END OF PERIOD)				
€ MILLIONS				
	HY 2009	HY 2008	FY 2008	FY 2007
Covered business				
PVFP (excl TVOG)	2,732	1,894	2,198	2,068
TVOG	(383)	(333)	(345)	(344)
FC	(250)	(423)	(240)	(393)
CNHR	(469)	(204)	(258)	(192)
Required Capital	2,235	2,559	2,000	2,435
Free Surplus	455	657	90	1,680
Life MCEV	4,321	4,150	3,445	5,253
Total non covered business ⁽¹⁾	202	1,055	241	1,041
Group MCEV (gross of minorities)	4,522	5,205	3,686	6,294
Minorities ⁽¹⁾	(381)	(347)	(338)	(328)
Group MCEV (net of minorities)	4,141	4,857	3,348	5,965

(1) Not reviewed by Towers Perrin

TABLE 1.2: LIFE MCEV BY GEOGRAPHY (END OF PERIOD)				
€ MILLIONS				
	HY 2009	HY 2008	FY 2008	FY 2007
The Netherlands	3,432	3,753	2,817	4,889
Belgium	816	359	643	354
Germany	73	37	(15)	10
Life MCEV (gross of minorities)	4,321	4,150	3,445	5,253
Minorities	(231)	(195)	(201)	(210)
Life MCEV (net of minorities)	4,090	3,954	3,245	5,043

The Directors of Delta Lloyd N.V.
19 October 2009
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TABLE 2.1: LIFE MCEV ANALYSIS OF MOVEMENT HY 2009 (GROSS OF MINORITIES)				
€ MILLIONS				
	Life MCEV	Free Surplus	Required Capital	VIF
Opening Life MCEV	3,445	90	2,000	1,356
New business value	17	(146)	84	79
Expected existing business contribution (reference rate)	86	1	27	58
Expected existing business contribution (in excess of reference rate)	36	(2)	11	27
Transfers from VIF and required capital to free surplus	0	121	(89)	(32)
Experience variances	60	(6)	(3)	69
Operating assumption changes	97	0	0	97
Other operating variance	(3)	(423)	265	156
Life MCEV Operating earnings	293	(456)	297	453
Economic variances	491	730	(62)	(177)
Other non operating variance	0	0	0	0
Total Life MCEV earnings	784	274	235	276
Closing adjustments	91	91	0	0
Closing Life MCEV	4,321	455	2,235	1,631

TABLE 2.2: LIFE MCEV ANALYSIS OF MOVEMENT HY 2008 (GROSS OF MINORITIES)				
€ MILLIONS				
	Life MCEV	Free Surplus	Required Capital	VIF
Opening Life MCEV	5,253	1,680	2,435	1,139
New business value	(45)	(280)	181	53
Expected existing business contribution (reference rate)	123	29	43	52
Expected existing business contribution (in excess of reference rate)	74	(7)	7	73
Transfers from VIF and required capital to free surplus	0	153	(99)	(55)
Experience variances	13	29	(6)	(10)
Operating assumption changes	(136)	0	0	(136)
Other operating variance	(22)	27	(27)	(22)
Life MCEV Operating earnings	7	(49)	100	(44)
Economic variances	(792)	(722)	24	(95)
Other non operating variance	(66)	0	0	(66)
Total Life MCEV earnings	(851)	(771)	124	(205)
Closing adjustments	(252)	(252)	0	0
Closing Life MCEV	4,150	657	2,559	934

The Directors of Delta Lloyd N.V.
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TABLE 2.3: ANALYSIS OF MOVEMENT FY 2008 (GROSS OF MINORITIES)				
€ MILLIONS				
	Life MCEV	Free Surplus	Required Capital	VIF
Opening Life MCEV	5,253	1,680	2,435	1,139
New business value	(20)	(496)	306	170
Expected existing business contribution (reference rate)	245	47	94	104
Expected existing business contribution (in excess of reference rate)	132	20	25	87
Transfers from VIF and required capital to free surplus	0	364	(207)	(158)
Experience variances	(7)	(19)	(5)	17
Operating assumption changes	(181)	21	29	(231)
Other operating variance	31	(42)	(29)	101
Life MCEV Operating earnings	200	(105)	214	91
Economic variances	(1,834)	(1,288)	(951)	405
Other non operating variance	(307)	(122)	5	(189)
Total Life MCEV earnings	(1,940)	(1,515)	(733)	307
Closing adjustments	133	(75)	298	(91)
Closing Life MCEV	3,445	90	2,000	1,356

TABLE 3.1: NEW BUSINESS VALUE (GROSS OF MINORITIES)			
€ MILLIONS			
	HY 2009	HY 2008	FY 2008
New Business Value	16.8	(45.5)	(19.9)
Present Value of New Business Premiums	2,050	2,881	5,121
New Business Margin	0.8%	-1.6%	-0.4%

TABLE 3.2: NEW BUSINESS VALUE BY GEOGRAPHY (GROSS OF MINORITIES)			
€ MILLIONS			
	HY 2009	HY 2008	FY 2008
The Netherlands	20.2	(45.1)	(33.1)
Belgium	7.0	1.3	15.7
Germany	(10.4)	(1.7)	(2.6)
Total	16.8	(45.5)	(19.9)

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TABLE 3.3 NEW BUSINESS VALUE BY PRODUCT						
€ MILLIONS						
	HY 2009			FY 2008		
	New Business Value	PVNB	NB Margin by PVNB	New Business Value	PVNB	NB Margin by PVNB
Term assurance	11.7	85	13.8%	31.7	270	11.8%
Individual Savings - unit-linked	0.5	92	0.5%	4.6	380	1.2%
Individual Savings - traditional	0.4	104	0.3%	0.4	361	0.1%
Individual pensions - unit-linked	0.4	14	2.9%	4.9	45	10.8%
Individual pensions - traditional	(3.7)	88	-4.2%	(3.3)	40	-8.3%
Immediate annuities	(2.8)	299	-0.9%	(7.1)	486	-1.5%
Group pensions - unit-linked	(12.9)	496	-2.6%	(28.3)	641	-4.4%
Group business - traditional	36.4	665	5.5%	(9.7)	2,629	-0.4%
Unallocated items	(2.7)	0	NM.	(10.4)	0	NM.
Dutch and Belgian Products	27.2	1,843	1.5%	(17.3)	4,852	-0.4%
German Products	(10.4)	206	-5.0%	(2.6)	269	-1.0%
Total (gross of minorities)	16.8	2,050	0.8%	(19.9)	5,121	-0.4%
Total (net of minorities)	11.8	1,926	0.6%	(33.0)	4,835	-0.7%

TABLE 4.1: LIFE MCEV SENSITIVITIES (GROSS OF MINORITIES)				
€ MILLIONS				
	HY 2009	HY 2008	FY 2008	FY 2007
Base Life MCEV	4,321	4,150	3,445	5,253
Sensitivity to Economic Assumptions				
Equity Market Values +10%	259	411	261	459
Equity Market Values -10%	(265)	(399)	(231)	(468)
Property Market Values +10%	166	138	167	169
Property Market Values -10%	(169)	(151)	(172)	(182)
Market Interest rates +1%	(67)	111	260	104
Market Interest rates -1%	(68)	(342)	(521)	(647)
Equity and property implied volatilities +25%	(46)	(133)	(226)	(95)
Swaption implied volatility +25%	(46)	(12)	(169)	(61)
Required Capital - 100% EU Minimum or equivalent	59	110	38	31
Sensitivity to Non-Economic Assumptions				
Maintenance expenses +10%	(209)	(172)	(214)	(141)
Lapse rates +10%	(30)	(22)	(10)	(20)
Assurance mortality/morbidity +5%	(40)	(18)	(33)	(16)
Annuitant mortality -5%	(94)	(66)	(136)	(64)

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TABLE 4.2: NEW BUSINESS SENSITIVITIES (GROSS OF MINORITIES)			
€ MILLIONS			
	HY 2009	HY 2008	FY 2008
Base New Business Value	16.8	(45.5)	(19.9)
Sensitivity to Economic Assumptions			
Equity Market Values +10%	8.5	2.2	0.5
Equity Market Values -10%	(0.1)	(0.1)	(0.5)
Property Market Values +10%	3.9	2.1	-
Property Market Values -10%	3.2	(2.1)	(0.5)
Market Interest rates +1%	(2.7)	51.2	17.9
Market Interest rates -1%	(13.9)	(76.2)	(25.5)
Equity and property implied volatilities +25%	1.0	(2.3)	(1.0)
Swaption implied volatility +25%	(0.5)	(1.1)	(0.3)
Required Capital - 100% EU Minimum or equivalent	1.4	2.5	4.4
Sensitivity to Non-Economic Assumptions			
Maintenance expenses +10%	(9.7)	(6.1)	(16.5)
Lapse rates +10%	(5.2)	(1.5)	(4.9)
Assurance mortality/morbidity +5%	(0.8)	(1.3)	(0.1)
Annuitant mortality -5%	0.0	(7.5)	(18.1)

TABLE 4.3: CREDIT SPREAD SENSITIVITIES (GROSS OF MINORITIES)	
€ MILLIONS	
	HY 2009
Base Life MCEV	4,321
Credit spread -0.5%	153
Credit spread + 0.5%	(121)
Base value New Business Value	16.8
Credit spread -0.5%	2.6
Credit spread + 0.5%	(2.0)

TABLE 5: SENSITIVITY OF RESULTS USING REFERENCE RATE AND VOLATILITIES THAT COMPLY WITH THE MCEV PRINCIPLES (GROSS OF MINORITIES)		
€ MILLIONS		
	HY 2009	FY 2008
Base Group MCEV	4,522	3,686
Impact of sensitivity	(1,744)	(1,826)
Base value New Business Value	16.8	(19.9)
Impact of sensitivity	(27.7)	(104.3)

The Directors of Delta Lloyd N.V.
19 October 2009
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Implied Discount Rate for Life MCEV (gross of minorities) at 30 June 2009: 10.6%

TABLE 6: EMBEDDED VALUE OF COVERED BUSINESS AS AT 30 JUNE 2009 CALCULATED ON A TRADITIONAL BASIS (GROSS OF MINORITIES)

€ MILLIONS	
Risk discount rate	Embedded Value
10.6%	4,321
8%	5,109
9%	4,767
10%	4,474
11%	4,220

TABLE 7: SUMMARY OF GENERAL INSURANCE TECHNICAL RESERVES, RESIDUAL CONTINGENT HEALTH LIABILITY, AND MARGINS AS AT 30 JUNE 2009 (NET OF REINSURANCE AND PRE-TAX)

€ MILLIONS				
	Reserves	Margin	Reserves Less Margin	% of Reserves Reviewed
Delta Lloyd Schade & Erasmus Schade	1,361	87	1,274	100%
ABN AMRO Schade @ 100%	275	19	255	100%
Sub-Total	1,636	107	1,529	100%
Out of scope (non-reviewed)	341	10	331	0%
Total general insurance technical reserves	1,976	116	1,860	83%
Residual contingent liability on health business (out of scope; non-reviewed)	53	44	9	
Delta Lloyd Group (gross of minorities)	2,030	161	1,869	

The total margin identified by Delta Lloyd N.V. is € 161 million before tax and € 119 million after tax.

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The financial statements of the Group for the year ended 31 December 2006, which includes the accounting policies, the explanatory notes and the auditor's report of PricewaterhouseCoopers, is incorporated by reference in this Prospectus.

Unaudited financial statements of the Group for the period ended 30 June 2009

F-2

1 Consolidated interim accounts as at 30 June

Consolidated balance sheet as at June 2009 ¹⁾			
In millions of euros	Note	30 June 2009	31 December 2008
Assets			
Goodwill	4	332.5	332.9
AVIF and other intangible fixed assets	4	157.5	167.1
Deferred acquisition costs	4	248.3	207.1
Property and equipment		231.8	262.6
Investment property		2,430.3	2,366.5
Associates	6	254.9	193.6
Deferred tax assets		24.1	24.3
Debt securities	7	19,242.6	18,512.1
Equity securities	7	14,046.2	13,725.4
Derivatives	7	656.2	1,363.9
Loans at fair value through profit or loss (FVTPL)	7	5,986.0	6,102.6
Loans and receivables at amortised cost	7	13,788.3	12,490.2
Reinsurance assets		721.0	722.0
Plan assets		32.2	31.4
Inventory of real estate projects		104.9	98.8
Receivables and other financial assets		2,483.5	2,013.3
Current tax assets		24.2	54.4
Capitalised interest and prepayments		521.6	585.2
Cash and cash equivalents		1,538.0	2,551.4
Assets held for sale	5,8	232.6	1,358.2
Total assets		63,056.7	63,163.0
Capital and reserves			
Share capital		107.1	107.1
Ordinary share premium		91.8	91.8
Revaluation reserves		279.4	-143.3
Revaluation reserves of assets held for sale		0.0	-3.7
Retained earnings		3,177.9	2,966.4
Total capital and reserves attributable to parent		3,656.2	3,018.3
Non-controlling interest		303.7	267.5
Shareholders funds		3,959.9	3,285.8
Liabilities			
Insurance liabilities		33,442.3	33,811.5
Liabilities for investment contracts		3,392.2	3,326.7
Pension obligations		1,608.0	1,572.0
Provisions for other liabilities		172.1	134.3
Deferred tax liabilities		225.0	179.6
Borrowings		8,321.6	8,540.2
Derivatives		789.4	620.1
Financial liabilities		7,554.4	7,163.0
Current tax liabilities		77.6	-
Other liabilities		3,514.2	3,304.5
Liabilities relating to assets held for sale	5	-	1,225.3
Total equity and liabilities		63,056.7	63,163.0

1) Unaudited

Consolidated income statement for the 6 months ended 30 June¹⁾			
In millions of euros	Note	2009	2008
Income			
Gross written premiums		2,766.8	3,512.2
Outward reinsurance premiums		-68.2	-96.8
Net written premiums		2,698.5	3,415.4
Change in unearned premiums provision		-113.3	-116.5
Net premiums earned		2,585.2	3,298.8
Investment income		498.5	428.5
Share of profit or loss after tax of associates		-45.9	0.4
Net investment income	9	452.6	428.9
Fee and commission income		120.3	160.7
Other operating income		-109.9	45.2
Total investment and other income		462.9	634.8
Total income		3,048.2	3,933.7
Expenses			
Net claims and benefits paid		1,974.2	1,832.4
Change in insurance liabilities (including liabilities for participating investment contracts)	10	-416.3	926.9
Profit sharing and discounts		41.3	38.3
Expenses relating to the acquisition of insurance and investment contracts		302.9	316.0
Expenses relating to the acquisition of other contracts		17.3	29.7
Finance costs		440.4	461.0
Other operating expenses		343.9	379.3
Total expenses		2,703.6	3,983.6
Result before tax from continuing operations		344.5	-50.0
Current tax	12	151.8	-29.4
Result after tax from discontinued operations	5	34.7	-1.3
Net result		227.5	-21.8
Attributable to:			
Equityholders of the Parent		211.4	-28.5
Non-controlling interest		16.0	6.6
Net result		227.5	-21.8

1) Unaudited

Earnings per share as at 30 June		
In Euro	2009	2008 ¹⁾
Basic earnings per share continuing operations	5,90	-0,91
Basic earnings per share discontinued operations	1,16	-0,04
Diluted earnings per share continuing operations ²⁾	4.51	-0,91
Diluted earnings per share discontinued operations	0,84	-0,04
Basic earnings per share including discontinued operations	7,06	-0,95

1) During 2008 a share split took place. This disclosure presents the earnings per share after the share split.

2) Post the Initial Public Offering (details of which are disclosed in Note 2.14) the Preference B shares are automatically converted into ordinary shares. The diluted earnings per share, if the Preference B shares were converted already, will change as follows: The diluted earnings per share for continuing operations for 2009: € 1.57 and for 2008: € -0.91. The diluted earnings per share for discontinued operations for 2009: € 0.30 and for 2008 € -0.04.

Dividend per share

Per ordinary share with a nominal value of € 9.08, dividend of € 67.88 was declared and paid in 2008 (i.e. after the share split the dividend per € 1 ordinary share was € 7.48). Per preference share B, with a nominal value of € 453.78, dividend of € 18.02 was declared and paid in 2008 (i.e. after the share split the dividend per € 1 ordinary share was € 1.99).

Consolidated statements of comprehensive income for the 6 months ended 30 June¹⁾		
In millions of euros	2009	2008
Net result	227.5	-21.8
Gross fair value gains and losses	88.2	-746.0
Transfer of available-for-sale equity relating to DPF contracts to provisions	-1.5	2.0
Impairment losses transferred to income statement	392.1	171.5
Realised gains/losses on revaluations of financial instruments available for sale transferred to income statement	-30.4	-208.0
Foreign exchange differences	-3.1	-0.5
Disposal of associates	3.7	-0.4
Aggregate tax effect	-2.5	54.3
Other comprehensive income	446.5	-727.1
Total comprehensive income	674.0	-749.0
Attributable to:		
Equityholders of the Parent	637.8	-788.6
Non-controlling interest	36.2	39.6
Total comprehensive income	674.0	-749.0

1) Unaudited

Consolidated statement of changes in equity¹⁾

In millions of euros	Ordinary share capital	Preference shares	Ordinary share premium	Revaluation reserves	Retained earnings	Total capital and reserves attributable to parent	Non- controlling interest	Total equity
At 1 January 2009	29.9	77.1	91.8	-147.0	2,966.5	3,018.4	267.5	3,285.9
Gross fair value gains and losses	-	-	-	67.9	-	67.9	20.3	88.2
Transfer of available-for-sale equity relating to DPF contracts to provisions	-	-	-	-1.5	-	-1.5	-	-1.5
Impairment losses transferred to income statement	-	-	-	392.1	-	392.1	-	392.1
Realised gains/losses on revaluations of financial instruments available for sale transferred to income statement	-	-	-	-30.4	-	-30.4	-	-30.4
Foreign exchange differences	-	-	-	-3.1	-	-3.1	-	-3.1
Disposal of associates	-	-	-	3.8	-	3.8	-0.1	3.7
Aggregate tax effect	-	-	-	-2.5	-	-2.5	-	-2.5
Net gains and losses recognised directly in equity	-	-	-	426.4	-	426.4	20.2	446.5
Result for the period	-	-	-	-	211.4	211.4	16.0	227.5
Total income and expenses	-	-	-	426.4	211.4	637.8	36.2	674.0
Dividends	-	-	-	-	-	-	-	-
At 30 June 2009	29.9	77.1	91.8	279.4	3,177.9	3,656.2	303.7	3,959.9
At 1 January 2008	29.9	77.1	91.8	1,283.5	3,383.5	4,865.9	237.4	5,103.3
Gross fair value gains and losses	-	-	-	-779.0	-	-779.0	33.0	-746.0
Transfer of available-for-sale equity relating to DPF contracts to provisions	-	-	-	2.0	-	2.0	-	2.0
Impairment losses transferred to income statement	-	-	-	171.5	-	171.5	-	171.5
Realised gains/losses on revaluations of financial instruments available for sale transferred to income statement	-	-	-	-208.0	-	-208.0	-	-208.0
Acquisition of interests in subsidiaries/associates	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-0.5	-	-0.5	0.0	-0.5
Disposal of associates	-	-	-	-0.4	-	-0.4	0.0	-0.4
Aggregate tax effect	-	-	-	54.3	-	54.3	-	54.3
Net gains and losses recognised directly in equity	-	-	-	-760.1	0.0	-760.1	33.0	-727.1
Result for the period	-	-	-	-	-28.5	-28.5	6.6	-21.8
Total income and expenses	-	-	-	-760.1	-28.5	-788.6	39.6	-749.0
Dividends	-	-	-	-	-226.4	-226.4	-0.1	-226.5
At 30 June 2008	29.9	77.1	91.8	523.4	3,128.6	3,850.9	277.0	4,127.9

1) Unaudited

Consolidated statement of cash flows for the 6 months ended 30 June¹⁾		
In millions of euros	2009	2008
Net result	227.5	-21.8
Net result from discontinued operations	34.7	-1.3
Net result excluding discontinued operations	192.8	-20.6
Adjustments for:		
- Tax	151.8	-29.4
- Depreciation	9.6	8.6
- Amortisation	144.5	141.6
Impairments of:		
- Financial investments	371.1	171.9
- Loans and receivables including insurance receivables	4.0	6.1
Result on sale of investment property	-0.1	-0.0
Net unrealised fair value loss on financial assets and investment property	894.1	969.8
Share of profit or loss from associates	45.9	-0.4
Cash generating profit of the year	1,813.6	1,247.5
Net (increase)/decrease in intangible assets related to insurance and investment contracts	-1.9	-20.3
Net (increase)/decrease in other intangible assets	256.7	2.1
Net (increase)/decrease in investment property	-107.1	-156.7
Net (increase)/decrease in plan assets	-0.8	-26.6
Net (increase)/decrease in associates	-107.2	4.4
Net (increase)/decrease in debt securities	-855.2	-2,063.8
Net (increase)/decrease in equity securities	93.8	-1,152.6
Net (increase)/decrease in other investments	84.7	-47.3
Net (increase)/decrease in loans and receivables at amortised cost	-1,187.0	-462.0
Net (increase)/decrease in reinsurance assets	191.3	-113.0
Net (increase)/decrease in other assets	954.4	-233.4
Net (increase)/decrease in receivables and other financial fixed assets	-1,723.2	-2,242.6
Net (increase)/decrease in prepayments and accrued income	63.6	-89.7
Net (decrease)/increase in insurance contract liabilities	-369.2	2,904.1
Net (decrease)/increase in investment contract liabilities	65.5	971.1
Net (decrease)/increase in pension obligations	73.9	39.1
Net (decrease)/increase in tax assets / liabilities	9.1	-51.0
Net (decrease)/increase in borrowings (revaluation)	128.8	-17.4
Net (decrease)/increase in other liabilities	-576.7	1,484.0
Net (decrease)/increase in financial liabilities	391.4	190.7
Net movement in derivative financial instruments	-362.6	0.5
Cash flow from operating activities	-1,164.2	167.1

1) Unaudited

Consolidated statement of cash flows for the 6 months ended 30 June		
In millions of euros	2009	2008
Cash flow from operating activities	-1,164.2	167.1
Interest paid	-438.8	-417.6
Interest received	884.3	914.9
Dividends received	285.5	340.2
Corporation tax paid	-7.6	49.9
Net cash flow from operating activities	-440.9	1,054.5
Net cash flow from operating activities of discontinued operations	-499.3	204.7
	-940.2	1,259.2
Cash flow from investing activities		
Acquisition of associates	-	21.6
Disposal of associates	-	2.0
Acquisition of subsidiaries, including cash and cash equivalents acquired	-	-65.6
Disposal of subsidiaries, including cash and cash equivalents sold	-246.5	-
Purchases of property and equipment	-	-27.8
Disposal of property and equipment	21.4	
Net cash flow from investing activities	-225.1	-69.7
Net cash flow from investing activities of discontinued operations	-	-0.2
Total	-225.1	-69.9
Cash flow from financing activities		
Proceeds from borrowings	433.1	-0.6
Repayments of borrowings	-780.6	-436.6
Dividends paid to shareholders	-	-226.0
Dividends paid to minority interests	-	-
Net cash flow from financing activities	-347.4	-663.2
Net cash flow from financing activities of discontinued operations	-	-
Total	-347.4	-663.2
Net (decrease)/increase in cash and cash equivalents	-1,013.4	321.6
Net (decrease)/increase in cash and cash equivalents of discontinued operations	-499.3	204.5
Cash and cash equivalents at beginning of year	2,551.4	957.9
Net (decrease)/increase in cash and cash equivalents	-1,013.4	321.6
Cash and cash equivalents at 30 June	1,538.0	1,279.5
Cash and cash equivalents of discontinued operations at beginning of year	499.3	144.2
Net (decrease)/increase in cash and cash equivalents of discontinued operations	-499.3	204.5
Cash and cash equivalents of discontinued operations at 30 June	0.0	348.6
Total cash and cash equivalents at 30 June	1,538.0	1,628.1

2 Notes to the consolidated interim accounts

2.1 Basis of presentation

Delta Lloyd Group condensed consolidated interim financial statements as at and for the 6 month period ended June 30, 2009, have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as adopted by the European Union. It does not include all of the information required for full financial statements and should therefore be read with the 2008 financial statements of Delta Lloyd Group.

Calculations in the tables are made using unrounded figures; as a result, rounding differences can occur.

2.2 Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the preparation of Delta Lloyd Group's annual financial statements, except for the impact of the Standards and Interpretations described below.

IFRS 8 Operating Segments

Delta Lloyd adopted International Financial Reporting Standard (IFRS) 8 Operating Segments for the first time in 2009.

This standard requires disclosure of information about Delta Lloyd Groups operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of Delta Lloyd Group under IAS 14. Under IFRS 8 Delta Lloyd's operating segments are based on the businesses as presented in internal reports that are regularly reviewed by the executive board which is regarded as the "chief operating decision maker". The operating segments are:

- **Life Insurance**

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.

- **General insurance**

The general business provides insurance cover to individuals and businesses for risks associated mainly with motor vehicles, property, disability and liability, such as employers' liability and professional indemnity liability. General Insurance includes the health sales channels.

- **Bank**

The banking division incorporates virtually all banking entities of Delta Lloyd Group in the Netherlands, Belgium and Germany.

- **Fund Management**

The fund management business invests in shareholders' and policyholders' funds, provides investment management services for institutional pensions and services fund mandates a range of retail investment products, including investment funds and unit trusts.

• Other

A part of Delta Lloyd's mortgage business is included in this segment. The remaining part of the mortgage activities is shown in the life business, as these mortgages are part of the investment portfolios of life insurance companies. Any segments that are not reportable segments due to their immateriality are also reflected in this category, together with any consolidation and elimination items.

In accordance with the transitional requirements of the Standard, Delta Lloyd Group has provided full comparative information.

IAS 1 Presentation of Financial Statements

(effective for annual periods on or after 1 January 2009)

The revised standard separates owner and non-owner changes in shareholders' equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income. Comprehensive income for a period includes profit or loss for that period plus other comprehensive income recognised in that period. In accordance with the transitional requirements of the standard, Delta Lloyd Group has provided full comparative information.

Other

During 2007 and 2008, IASB issued the following standards and amendments: IFRS 1 "First Time Adoption of IFRS", IFRS 2 "Share-Based Payment: Vesting Conditions and Cancellations", IAS 23 "Borrowing Costs", IAS 27 "Consolidated and Separate Financial Statements - Determining the Cost of an Investment in the Separate Financial Statements", IAS 32 "Financial Instruments: Presentation", IAS 1 "Presentation of Financial Statements - Puttable Financial Instruments and Obligations arising on Liquidation" and the results of its annual improvements project. IFRIC interpretation 13 "Customer Loyalty Programmes", and IFRIC interpretation 16 "Hedges of a Net Investment in a Foreign Operation" have also been endorsed by the EU. These are all applicable for the current accounting period and are now reflected in the group's financial reporting, with no material impact.

Amendments to IFRS 7 "Financial Instruments: Disclosures", Amendments to IFRIC 9 and IAS 39 "Embedded Derivatives" have not yet been endorsed by the EU. IFRIC interpretation 15 "Agreements for the Construction of Real Estate" was endorsed by the EU on 22 July 2009. On adoption, the Standards and the interpretations will have no material impact.

The following new and revised standards and interpretations were issued by the IASB, which become effective for Delta Lloyd Group as of 2010 if and when endorsed by the EU: IFRS 3 "Business Combinations (revised)" and IAS 27 "Consolidated, Separate Financial Statements", Amendment to IAS 39 "Financial Instruments: Recognition and Measurement - Eligible Hedged Items", IFRIC interpretation 17 "Distributions of Non-Cash Assets to Owners", IFRIC interpretation 18 "Transfer of Assets from Customers" and Amendment to IFRS 2 "Group Cash-settled Share Based Payment Transactions". Delta Lloyd does not expect the adoption of these new or revised standards and interpretations to have a significant impact on the consolidated financial statements.

Use of assumptions and estimates

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires Delta Lloyd Group to make estimates and assumptions that affect items reported in the consolidated balance sheet and income statement and the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements. The insurance liabilities are prone to estimates and assumptions. These estimates and assumptions are based on

management's best knowledge of current facts, circumstances and, to some extent, future events and actions. Actual results may ultimately differ, possibly significantly, from those estimates. Interim results are not necessarily indicative for full year results.

Impairment losses recognised

Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses on equity securities and goodwill can not be reversed in future periods.

2.3 Segment information

Segmental income statement for the 6 months ended 30 June 2009						
In millions of euros	Life	General	Bank	Fund Manage- ment	Other	Total 2009
Income						
Net premiums earned	1,934.4	650.9	-	-	-	2,585.2
Interest income	514.8	39.1	206.6	0.2	123.6	884.3
Total investment and other income (excl. interest income)	-515.0	-9.2	25.0	50.2	27.5	-421.4
Total income	1,934.2	680.9	231.6	50.4	151.2	3,048.2
Expenses						
Insurance and investment contract expenses	1,167.2	432.0	-	-	-	1,599.2
Finance costs	99.3	14.6	149.0	2.9	174.6	440.4
Other expenses	267.2	225.3	88.0	39.0	44.6	664.1
Total expenses	1,533.7	671.9	237.0	41.9	219.2	2,703.6
Segment results	400.5	9.0	-5.4	8.5	-68.0	344.5
Current tax						151.8
Result after tax from discontinued operations						34.7
Net result after tax before minority interests						227.5
Total intercompany income	39.6	13.3	49.1	8.4	139.9	250.2
Total intercompany expenses	65.7	54.5	14.3	24.1	91.6	250.2

Other items included in the segmental income statement for the 6 months ended 30 June 2009						
In millions of euros	Life	General	Bank	Fund Manage- ment	Other	Total 2009
Depreciation	2.7	0.0	3.3	0.4	3.2	9.6
Amortisation of intangible fixed assets	4.1	5.7	1.1	-	0.3	11.3
Impairment of goodwill, AVIF and other intangible fixed assets	-	-	-	-	0.0	0.0
Impairment of doubtful debt	0.8	2.9	-	-	0.0	3.7
Reversal of impairment of doubtful debt	-0.8	-4.4	-	-	-0.2	-5.4

Segmental income statement for the 6 months ended 30 June 2008

In millions of euros	Life	General	Bank	Fund Manage- ment	Other	Total 2008
Income						
Net premiums earned	2,683.1	1,412.5	-	-	0.2	4,095.8
Interest income	531.2	47.6	203.7	0.8	142.5	925.8
Total investment and other income (excl. interest income)	-396.3	3.7	53.4	58.0	2.5	-278.7
Total income	2,818.0	1,463.8	257.1	58.7	145.2	4,742.9
Expenses						
Insurance and investment contract expenses	2,426.4	1,149.3	-	-	-	3,575.7
Finance costs	112.0	11.1	157.3	2.5	178.1	461.1
Other expenses	296.5	289.8	96.3	45.5	29.7	757.8
Total expenses	2,834.9	1,450.3	253.5	48.0	207.8	4,794.6
Segment results	-16.9	13.5	3.6	10.7	-62.6	-51.7
Current tax						-29.8
Net result after tax before minority interests						-21.8
Total intercompany income	62.1	19.4	29.3	8.1	114.9	233.8
Total intercompany expenses	58.9	76.4	14.3	22.3	61.9	233.8

The differences between the consolidated income statement and the income statement by segment is attributable to the presentation of the health operations within the General Business segment.

Other items included in the segmental income statement for the 6 months ended 30 June 2008

In millions of euros	Life	General	Bank	Fund Manage- ment	Other	Total 2008
Depreciation	2.2	-	3.5	0.3	2.5	8.6
Amortisation	5.5	3.7	1.6	-	0.4	11.2
Impairment of goodwill, AVIF and other intangible fixed assets	-	-	-	-	0.0	0.0
Impairment of doubtful debt	0.3	2.0	-	-	0.0	2.3
Reversal of impairment of doubtful debt	-0.5	-0.9	-	-	0.0	-1.4

Segmental balance sheet as at 30 June 2009

In millions of euros	Life	General	Bank	Fund Manage- ment	Other	Total 2009
Assets						
Intangible assets	96.9	53.2	6.1	-	333.8	490.0
Investments in associates	531.1	81.4	1.6	0.2	-359.5	254.9
Financial investments	38,648.0	2,257.3	8,465.2	-	4,348.9	53,719.3
Reinsurance assets	458.0	263.0	-	-	-	721.0
Current tax assets	66.8	5.9	30.1	0.7	-55.2	48.3
Other assets	5,907.1	776.3	658.6	57.9	423.3	7,823.2
Total assets	45,707.9	3,437.2	9,161.5	58.9	4,691.3	63,056.7
Total equity	3,960.5	585.7	301.6	40.2	-928.1	3,959.9
Liabilities						
Insurance liabilities	31,202.8	2,239.5	-	-	-	33,442.3
Other liabilities	10,544.5	612.0	8,859.9	18.7	5,619.4	25,654.6
Total liabilities	41,747.3	2,851.5	8,859.9	18.7	5,619.4	59,096.9
Total liabilities and equity	45,707.9	3,437.2	9,161.5	58.9	4,691.3	63,056.7
Capital expenditure						
Property and equipment	3.7	-	1.9	0.2	5.5	11.2
Intangible assets	2.9	-	1.2	-	0.2	4.3
Total investments	6.6	-	3.1	0.2	5.7	15.5

The “other” segment includes a negative amount for investments in associates. This represents a consolidation adjustment on investments in associates held by various group companies in the life and general insurance segments.

Segmental balance sheet as at 31 December 2008

In millions of euros	Life	General	Bank	Fund Manage- ment	Other	Total 2008
Assets						
Intangible assets	98.2	59.0	6.0	-	336.8	500.0
Investments in associates	483.4	75.0	0.7	0.1	-365.6	193.6
Financial investments	37,627.1	2,648.8	7,912.0	-	4,415.6	52,603.5
Reinsurance assets	481.8	240.3	-	-	-	722.0
Other assets	6,856.9	1,647.4	476.3	66.1	97.3	9,143.9
Total assets	45,547.4	4,670.3	8,395.0	66.1	4,484.2	63,163.0
Total equity	3,171.4	827.8	254.6	50.1	-1,018.1	3,285.8
Liabilities						
Insurance liabilities	31,741.2	2,803.6	-	-	-	34,544.8
Other liabilities	10,634.8	1,038.9	8,140.4	16.1	5,502.2	25,332.4
Total liabilities	42,376.0	3,842.5	8,140.4	16.1	5,502.2	59,877.2
Total liabilities and equity	45,547.4	4,670.3	8,395.0	66.1	4,484.2	63,163.0
Capital expenditure						
Property and equipment	10.0	0.3	6.5	0.1	9.4	26.3
Intangible assets	32.3	-	2.8	-	1.5	36.5
Total investments	42.3	0.3	9.3	0.1	10.9	62.9

The differences between the consolidated income statement and the income statement by segment is attributable to the presentation of the health operations within the General Business segment.

Geographical segments		
In millions of euros	30 June 2009	30 June 2008
Net premiums earned		
The Netherlands	1,995.4	3,684.2
Belgium and Luxemburg	308.7	238.4
Germany	281.2	173.2
Total	2,585.2	4,095.8

The net premiums earned is attributed on the basis of geographical origin which does not materially differ from net premiums earned by geographical destination.

Assets per geographical entity						
In millions of euros	The Netherlands 30 June 2009	The Netherlands 31 December 2008	Belgium 30 June 2009	Belgium 31 December 2008	Germany 30 June 2009	Germany 31 December 2008
Goodwill	332.5	332.9	-	-	-	-
AVIF and other intangible fixed assets	149.9	160.3	6.0	5.0	1.5	1.9
Deferred acquisition costs	207.6	180.6	24.6	13.4	16.2	13.2
Property and equipment	127.2	155.0	62.6	64.2	41.9	43.5
Investment property	1,698.9	1,699.9	119.1	120.3	612.3	546.3
Inventory of real estate projects	104.9	98.8	-	-	-	-
Receivables and other financial assets	2,121.5	1,728.8	247.8	169.7	114.2	114.8
Capitalised interest and prepayments	348.9	406.1	122.6	119.0	50.1	60.1
Cash and cash equivalents	854.0	1,914.1	382.4	381.0	301.6	256.3

2.4 Acquisition of subsidiaries

On 30 June 2008, SNS Reaal and Delta Lloyd Group reached agreement on the sale of all the shares in Swiss Life Belgium to Delta Lloyd Group for € 141.9 million in cash. The initial accounting for the acquisition of Swiss Life Belgium has been finalised during 2009 and has resulted in an adjustment of the initial Goodwill, AVIF, deferred acquisition costs, insurance liabilities and liabilities for investment contracts with respectively € 72.0 million, € - 22.1 million, € - 25.1 million, € - 15.8 million and € - 8.9 million. The comparative figures in the balance sheet have been adjusted.

2.5 Disposals of subsidiaries

In 2007, it was decided to sell the health operations to the Tilburg-based CZ Group. A sale and purchase agreement was signed on 14 December 2007. In accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), the health operations are presented as discontinued operations on 31 December 2008. The transaction was effected from 1 January 2009. The profit on the sale of Delta Lloyd Group Health at 1 January 2009 is € 34.7 million. The run-off for the years before 2009 is for the risk of Delta Lloyd Group. A provision has been recognised.

Summarised income statement of Delta Lloyd Group Health for the 6 months ended 30 June

In millions of euros	2009	2008
Total income	-	810.8
Total expenses	-	812.6
Result before tax	-	-1.7
Current tax	-	-0.4
Net result	-	-1.3

Disposed assets and liabilities as at 1 January 2009

In millions of euros	1 January 2009
Assets	
Debt securities	347.0
Equity securities	62.4
Cash and cash equivalents	499.3
Other assets	566.5
Total assets	1,475.2
Liabilities	
Insurance liabilities	733.2
Provisions for other liabilities	7.6
Financial liabilities	32.4
Other liabilities	484.0
Total liabilities	1,257.2
Net assets disposed of	218.0
Cash consideration	245.6
Non-cash consideration	7.1
Result on disposal	34.7

2.6 Investments in associates**Investments in associates**

In millions of euros	30 June 2009	31 December 2008
Carrying value		
At 1 January	193.6	340.3
New equity capital	-	4.2
Disposals	-	-15.3
Share of result after tax	-45.9	-27.8
Fair value gains and losses through equity	107.2	-101.4
Impairment	-	-6.5
Other adjustments	-	0.1
At end of period	254.9	193.6

On 1 April 2009, Delta Lloyd sold its interest in Lancyr to FDC Financieel Planners & Adviseurs, with a nil result. The fair value gains and loss through equity relates to the revaluation of the Cyrte Funds.

2.7 Financial Investments

Financial investments		
In millions of euros	30 June 2009	31 December 2008
Debt securities	19,242.6	18,512.1
Equity securities	14,046.2	13,725.4
Derivatives	656.2	1,363.9
Loans at fair value through profit or loss (FVTPL)	5,986.0	6,102.6
Loans and receivables at amortised cost	13,788.3	12,490.2
Total financial investments	53,719.3	52,194.1

Financial investments in debt securities		
In millions of euros	30 June 2009	31 December 2008
Debt securities		
Available for sale	2,845.4	2,585.9
Other than trading (FVTPL)	16,358.0	15,868.5
Trading	39.2	57.6
Total debt securities	19,242.6	18,512.1

Financial investments in equity securities		
In millions of euros	30 June 2009	31 December 2008
Equity securities		
Available for sale	4,045.9	3,978.9
Other than trading (FVTPL)	9,991.9	9,737.5
Trading	8.4	8.9
Total equity securities	14,046.2	13,725.4

Per 31 December 2008 annual accounts, equity securities for risk and rewards of policyholders were accidentally presented as Available for sale securities. A presentation reclassification of € 1,873 million between equity securities Other than Trading (FVTPL) and equity securities Available for sale has been made, with no impact on measurement and income recognition.

Financial investments in derivatives

The decline of the derivatives is mainly caused by a decrease in value of the equity hedge, the swaptions and the interest swaps.

Carrying value of financial investments in relation to unit-linked liabilities

In millions of euros	30 June 2009	31 December 2008
Debt securities	2,346.1	2,095.5
Equity securities	8,839.1	8,737.8
Loans	113.2	108.5
Deposits	-	1.2
Reinsurance assets	14.4	19.6
Total	11,312.7	10,962.6
The associated liabilities are:		
Unit-linked contracts classified as insurance contracts	10,186.7	9,998.3
Unit-linked contracts classified as investment contracts	279.7	189.7
Third-party interests in investment funds	729.6	522.2
Total	11,196.0	10,710.1

2.8 Assets held for sale

In 2009 Delta Lloyd Bank Nederland decided to sell the credit portfolio. The credit portfolio is recognised as an asset held for sale as of this date. The expected selling price will not be less than the carrying value. A reclassification of € 229,7 million has been made between Financial Instruments and Other Assets. The transaction is expected to be completed before year end 2009. In accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), the credit portfolio and property are presented as assets held for sale.

Delta Lloyd Bank Belgium decided to sell its building in Antwerp, Belgium. The value of this property is € 2,9 million.

2.9 Investment income**Details of investment income as at 30 June**

In millions of euros	2009	2008
Net investment income		
Interest income	884.3	914.9
Rental income	66.2	55.2
Dividends	285.5	340.2
Subtotal	1,235.9	1,310.2
Movements in the fair value of investments classified as held for trading	41.3	-2.3
Movements in the fair value of investments classified as other than trading (FVTPL)	240.1	-1,088.3
Realised gains and losses on available-for-sale investments	30.4	208.0
Impairment charges on available-for-sale investments	-392.1	-171.5
Result from loans and receivables	5.5	2.8
Result from derivatives	-619.2	155.3
Other investment income	-43.4	14.3
Share of profit or loss after tax of associates	-45.9	0.4
Total investment income	452.6	428.9

Interest income as at 30 June		
In millions of euros	2009	2008
Debt securities available for sale	55.2	60.8
Debt securities held for trading	2.7	3.9
Debt securities other than trading (FVTPL)	307.9	272.9
Total debt securities	365.7	337.6
Total mortgage loans	261.2	288.6
Deposits	9.4	6.1
Issued loans	87.3	60.6
Loans to banks	18.6	22.1
Loans and advances to clients	51.3	49.2
Cash and cash equivalents	19.2	51.3
Other	71.6	99.5
Other interest income	257.4	288.7
Total interest income	884.3	914.9

Result from derivatives as at 30 June		
In millions of euros	2009	2008
Movement in fair value of the hedging instrument	-	-
Movement in fair value of the hedged positions	-	-
Amortisation of the fair value of the hedged positions	-5.2	-
Movements in fair value of derivatives held for fair value hedge accounting	-5.2	-
Other derivatives	-614.0	155.3
Total result from derivatives	-619.2	155.3

The hedge for hedge accounting was ineffective at 30 June 2009, until 31 May 2009 the hedge was effective. At 30 June 2008 Delta Lloyd applied no hedge accounting.

The decline in the results from derivatives is mainly caused by a loss in the equity hedge of € 165 million, a loss in the swaptions of € 268 million and a decline in the interest swaps of € 120 million. The equity hedge is used to prevent a loss on the unrealised results of the equity securities AFS. The swaptions and swaps are used to prevent a loss on the unrealised results of the debt securities own risk.

2.10 Change in insurance liabilities

The changes in the technical provisions when compared to the half year 2008 are mainly a result of developments in the current market interest rates including the application of the collateralised AAA euro zone bonds curve.

2.11 Impairment charges/reversals

Cumulative impairment charges on AFS debt securities for the 6 months ending 30 June		
In millions of euros	30 June 2009	30 June 2008
At 1 January	16.4	0.7
Impairment charges during the period	9.6	-
Disposals	-0.1	-
Total at 30 June	25.9	0.7

Cumulative impairment charges on AFS equity securities for the 6 months ended 30 June

In millions of euros	30 June 2009	30 June 2008
At 1 January	1,167.7	336.3
Impairment charges during the period	382.6	171.5
Disposals	-175.7	-13.0
Total at 30 June	1,374.6	494.8

Cumulative impairments on loans and receivables for the 6 months ended 30 June

In millions of euros	30 June 2009	30 June 2008
At 1 January	95.6	70.1
Impairment charges during the period	9.4	10.5
Reversal of impairment charges during the period	-4.0	-5.2
Disposals	-2.9	-2.4
Other	-	-0.1
Total at 30 June	89.5	73.0

2.12 Current tax

The nominal tax rate is 25.5%. The effective tax rate, however, is 40%. The difference between the nominal and effective tax rate is mainly caused by the impairments on equity security investments in which the fiscal unity Delta Lloyd N.V. has an interest stake of at least 5%. These investments have a participation exception.

2.13 Commitments**Commitments**

In millions of euros	30 June 2009	31 December 2008
Longterm debt facilities	796.5	529.3
Other liabilities	158.7	195.2
Other contractual obligations	65.6	78.0
Rental commitments < 1 year	10.6	9.9
Rental commitments 1 year < 5 years	32.7	32.0
Rental commitments > 5 years	13.1	13.1
Operational lease commitments < 1 year	11.6	13.4
Operational lease commitments 1 year < 5 years	40.9	75.3
Operational lease commitments > 5 years	-	1.3
Total commitments	1,129.7	947.5

Operating lease commitments

In millions of euros	2009	2008
Within one year	11.6	13.4
Between one and five years	40.9	75.3
More than five years	-	1.3
Total operating lease commitments	52.5	90.1

2.14 Events after the balance sheet date

On August, 6 2009 Delta Lloyd Group and Aviva plc announced plans for partial Initial Public stock Offering (IPO) of Delta Lloyd on Euronext Amsterdam. Delta Lloyd would benefit from a new

shareholder base supportive of the company's growth ambitions in the Benelux region, and a public listing would help to better position Delta Lloyd ahead of anticipated consolidation in the Netherlands. The IPO preparations have started and the IPO would take place when market conditions and other factors allow.

2.15 Related party transactions

In the normal course of business the Group enters into various transactions with related parties. Parties are considered related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Transactions have taken place on an arm's length basis. No material changes in related party disclosures have occurred.

Amsterdam, 22 September 2009

Executive Board

N.W. Hoek, chairman

P.J.W.G. Kok

Review report Ernst & Young dated 22 September 2009

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To the Shareholders, the Supervisory Board and Executive Board of Delta Lloyd N.V.

Review Report

Introduction

We have reviewed the accompanying consolidated interim report for the six months period ended 30 June 2009, of Delta Lloyd N.V., Amsterdam, which comprises the consolidated balance sheet as at 30 June 2009, the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the six months period then ended and the related notes. Management is responsible for the preparation and presentation of these consolidated interim accounts in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim accounts 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 consolidated interim accounts as at 30 June 2009 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Amsterdam, 22 September 2009

Signed by N.G. de Jager

for Ernst & Young Accountants LLP

Financial statements of the Group for the year ended 31 December 2008

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1 Financial Statements

Delta Lloyd NV is a public limited liability company (*'naamloze vennootschap'*) incorporated and domiciled in the Netherlands. Together with its subsidiaries, Delta Lloyd NV transacts life and pension insurance, long-term savings business, most classes of general insurance and health business, banking and fund management. The financial statements incorporate the consolidated financial statements, the company financial statements and other information. These financial statements have been authorised for issue by the Executive Board, following their approval by the Supervisory Board on 24 February 2009.

1.1 Consolidated financial statements

Delta Lloyd NV is a public limited liability company (*'naamloze vennootschap'*) incorporated and domiciled in the Netherlands. The company address is Amstelplein 6, 1096 BC Amsterdam. Together with its subsidiaries (collectively, the 'Delta Lloyd Group') it transacts life and pension insurance long-term savings business, most classes of general insurance and health business, banking and fund management through its subsidiaries, associates and branches in the Netherlands, Belgium and Germany. The reporting segments used within Delta Lloyd Group are based on the above activities. These segments are life insurance, general insurance, health insurance, banking, fund management and other activities. Further details are given in note 4. CGU International Holdings BV of Amsterdam, a wholly-owned subsidiary of Aviva plc, with head offices in London, is the ultimate holder of Delta Lloyd NV's entire ordinary share capital. In addition, Funds NutsOhra holds an interest in the form of preference shares. These financial statements have been authorised for issue by the Executive Board, following their approval by the Supervisory Board on 24 February 2009. The General Meeting of Shareholders is to adopt these financial statements at the Annual Meeting on 14 May 2009.

1.1.1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout Delta Lloyd Group, to all the years presented, unless otherwise stated.

Change in accounting policy

Delta Lloyd Group has entered into a pension agreement for its staff, most of whom are in a defined-benefit pension plan. The principal pension agreement is with Delta Lloyd Pension Fund, which has a reinsurance contract with a life insurance company in the Delta Lloyd Group. Consequently, the investments do not qualify as plan assets.

In 2007, Delta Lloyd Group implemented a change in accounting policy, which ensured that the result better reflected the economic matching between the pension obligations and plan assets. Delta Lloyd Group assessed this change in accounting policy during 2008 and concluded that the economic matching was not ensured in every case. Partly in view of developments at the IASB in respect of pensions, the corridor method will likely be abandoned within a few years so that all actuarial gains and losses will be reflected directly in the result. Consequently, Delta Lloyd Group has decided to tighten the policies on pensions. This means that all actuarial gains and losses are recognised directly in the result as amortisation. The effect of this change in accounting policy in 2007 was a reduction of € 29.9 million in shareholders' equity. This includes an increase of € 7.9 million in the result before tax. The change in accounting policy had no effect on equity or result in 2008.

Impact of changes in accounting policies in 2007			
In millions of euros	2007 before changes in accounting policies	Pension obligations	2007 after changes in accounting policies
Balance sheet			
Pension obligations	1,459.8	40.2	1,499.9
Deferred tax liabilities	237.7	-10.3	227.4
Total capital and reserves	4,865.9	-29.9	4,836.0
Income statement			
Other operating expenses	-815.0	7.9	-807.1
Tax expense	-27.0	-2.1	-29.1
Net result	781.4	5.9	787.3

Impact of changes in accounting policies in 2008			
In millions of euros	2008 before changes in accounting policies	Pension obligations	2008 after changes in accounting policies
Balance sheet			
Pension obligations	1,531.8	40.2	1,572.0
Deferred tax liabilities	189.9	-10.3	179.6
Total capital and reserves	3,048.2	-29.9	3,018.3
Income statement			
Other operating expenses	-1,028.6	-	-1,028.6
Tax expense	32.1	-	32.1
Net result	-153.2	-	-153.2

The cumulative impact of changes in accounting policies on equity for the years prior to 2007 was minus € 35.8 million.

1.1.1.1 (A) Basis of presentation

Delta Lloyd Group prepares its consolidated financial statements using International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The European Union endorsed the following revised standards during 2008: IAS 1, *Presentation of Financial Statements*, IAS 23, *Borrowing Costs*, and IFRS 2, *Group and Treasury Share Transactions*. Delta Lloyd Group decided not to apply these Interpretations early. The early application of these Interpretations would not have affected Delta Lloyd Group's result and equity. Delta Lloyd Group has also decided not to make use of the option in IAS 39 to reclassify the trading portfolio. Delta Lloyd Group applied the following Interpretations for the first time in 2008: IFRIC 11, *IFRS 2 Group Share Transactions*, and IFRIC 14, *IAS 19 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction*. Application of these interpretations did not affect Delta Lloyd Group's result and equity.

In accordance with IFRS 4, *Insurance Contracts*, Delta Lloyd Group has applied existing practices under Dutch accounting guidelines for insurance and participating investment contracts, modified as appropriate to comply with the IFRS framework and applicable standards. For further details refer to accounting policy E. One exception to this is the designated insurance liabilities, which are measured

on the basis of current market interest rates, as allowed for under IFRS 4. See accounting policy L for further details.

Unless stated otherwise, assets and liabilities are carried at historical cost. Where necessary, assets are shown net of impairment charges. Income and expenses are allocated in accordance with the matching principle. Expenses are accounted for in the expense category to which they relate. Insofar as related to the acquisition of new business, expenses are classified as expenses relating to the acquisition of insurance and investment contracts. Further information on the recognition of acquisition costs is included in accounting policy J. Financial assets and liabilities that are of a current nature (i.e. recoverable/payable within one year) are also recognised at fair value. The difference between cost and fair value is insignificant. Derivative financial instruments, which are measured at fair value irrespective of their term, are an exception.

Items included in the financial statements of each of Delta Lloyd Group's 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 Group's functional and presentation currency. Unless otherwise stated, the amounts shown in these financial statements are in millions of euros ('€ m'). Calculations in the tables are made using 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 balance sheet, 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 is considered more relevant. The current/non-current distinction is therefore not given for insurance-related items. Further details of their risk management are provided in note 35.

As the income statement of Delta Lloyd NV for 2008 is incorporated in the consolidated financial statements, the condensed company income statement is presented in the company financial statements, in compliance with section 2:402 of the Netherlands Civil Code. The consolidated cash flow statement is prepared in accordance with the indirect method. A distinction is made between cash flows from operating, investing and financing activities. Cash flows arising from dividends, investment income and the purchase and sale of investments are classified as operating activities since they relate to the core activities of Delta Lloyd Group.

1.1.1.2 (B) Use of assumptions and estimates

The preparation of financial statements in accordance with IFRS requires Delta Lloyd Group to make estimates and assumptions that affect items reported in the consolidated balance sheet and income statement and the disclosure of contingent assets and liabilities at the date of the financial statements. The insurance liabilities are prone to estimates and assumptions. 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 made by management are explained in the relevant note. Actual results may ultimately differ, possibly significantly, from those estimates. Insofar as such estimates or assessments have a significant impact on the financial statements, an explanation is provided in note 26.

1.1.1.3 (C) Consolidation principles

Subsidiaries

Subsidiaries are those entities (including Special Purpose Entities) in which Delta Lloyd Group has power to exercise control over financial and operating policies in order to gain economic benefits. Subsidiaries are consolidated from the date on which effective control is transferred to Delta Lloyd Group and are excluded from consolidation from the date effective control is lost. To safeguard

consistency, the accounting policies used by the subsidiaries have been aligned with those applied by Delta Lloyd Group. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between subsidiaries are eliminated.

Delta Lloyd Group recognises subsidiaries acquired in a business combination using the purchase method. The acquisition price is determined as the sum of the fair value of assets given up, equity instruments issued and any acquisition-related liabilities and direct costs. 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 Group'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 taken to the income statement.

Investment funds in which Delta Lloyd Group has power to exercise control, either directly or indirectly, are consolidated. As Delta Lloyd Group is obliged to acquire minority interests in such funds in the event that these are offered, they are classified as liabilities and appear as 'financial liabilities' in the consolidated balance sheet (see note 31). These liabilities are recognised at fair value through profit or loss. For further details refer to accounting policy T and accounting policy I.

Associates

Associates are entities over which Delta Lloyd Group has significant influence, but which it does not control. Generally, it is presumed that Delta Lloyd Group has significant influence where it has between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. This method takes account of any goodwill calculated on acquisition net of impairment charges since the acquisition date. Under this method, the cost of the investment in the associate, together with Delta Lloyd Group's share of that associate's post-acquisition changes to equity, is included as an asset in the consolidated balance sheet. Where necessary, the accounting policies adopted by the associates were changed to ensure they are consistent with the policies adopted by Delta Lloyd Group. Delta Lloyd Group's share of their post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. Equity accounting is discontinued when Delta Lloyd Group no longer has significant influence over the investment. All intercompany transactions, balances and unrealised gains and losses on transactions with associates have been eliminated, unless unrealised losses provide evidence of impairments. When Delta Lloyd Group's share of losses in an associate equals or exceeds its interest in the undertaking, Delta Lloyd Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the entity.

1.1.1.4 (D) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates for the functional currencies prevailing at the date of the transactions. 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. For monetary available-for-sale financial assets these are treated as if they are carried at amortised cost in the foreign currency. For such financial assets, exchange differences resulting from changes in amortised cost are recognised in profit or loss. Other changes in fair value are included in the investment revaluation reserve within equity.

Translation differences on non-monetary items, such as equities which are held at fair value through profit or loss (see accounting policy T), are reported as part of the fair value gain or loss, whereas such differences on available-for-sale equities are included in the investment valuation reserve within equity. This takes place at exchange rates prevailing when the fair value is determined.

1.1.1.5 (E) Product classification

Insurance contracts are defined as those containing significant insurance risk and only if, at the inception of the contract, an insured event could cause an insurer to pay substantial additional benefits in a possible scenario, excluding scenarios that lack commercial substance. Insurance risk is considered significant if the payment on occurrence of an insured event differs at least 10% from the payment if the event does not occur. These contracts shall be considered insurance contracts throughout the remaining term to maturity, irrespective of when the insured event occurs. Any contracts not considered insurance contracts under IFRS are classified as investment or service contracts. These contracts are treated in accordance with IAS39. Contracts can be reclassified to insurance contracts after inception if insurance risk becomes significant.

Some insurance and investment contracts contain a participating feature, the value and timing of which depend on decisions taken by management. The participating feature is a contractual right to receive additional benefits as a supplement to guaranteed benefits. These contracts are referred to as discretionary participating contracts or DPF contracts if the additional benefits are likely to be a significant portion of the total contractual benefits, and if the amount of the benefit or the date of grant is at the discretion of Delta Lloyd Group. Furthermore, 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 Group or the profit or loss of Delta Lloyd Group, the fund or the subsidiary entering into the contract.

1.1.1.6 (F) Income and expenses relating to insurance contracts

Premiums

Premiums on life insurance contracts and participating investment contracts are recognised as income when receivable. For single-premium business, this is the date from which the policy is effective. For regular-premium contracts and additional contributions, receivables are taken at the moment when payments are due. Premiums on unit-linked insurance contracts are recognised when the corresponding liabilities are recognised. Premiums are shown gross of commission and before any sales-based taxes or duties. When policies lapse due to non-receipt of premiums, all accrued premium income shall be debited to premium income from the date on which the policies are deemed to have lapsed.

General insurance and health premiums written reflect business incepted during the year, and exclude any sales-based taxes or duties. Unearned premiums are those proportions of the premiums written in a year that relate to periods of risk after the balance sheet date. Unearned premiums are computed principally on either a daily, monthly or quarterly pro rata basis. Premiums received from underwriting agents (relating to proxy contracts) are recognised with a three month delay. Investment contracts without discretionary participation features (DPF) have no associated premium income. The recognition of fee income on such contracts is covered in accounting policy G.

Claims

Life insurance business claims reflect the expenses of all claims arising during the year, including handling costs, as well as policyholder bonuses accrued in anticipation of bonus declarations. General insurance and health claims incurred include all losses occurring during the year, whether reported or not, related claims handling costs, a reduction for the value of salvage and subrogation, and any adjustments to claims outstanding from previous years.

Claims handling costs relate to internal and external costs incurred in connection with the settlement of claims. Internal costs include all direct expenses of the claims department and any related general expenses that are directly attributable to the internal costs function.

1.1.1.7 (G) Income and expenses relating to investment contracts

Income

Investment contract policyholders are charged fees for policy administration, investment management, surrenders or other contract services. These fees are recognised as revenue in the period in which they arise unless they relate to services to be provided in future periods. Amounts are recognised when the obligations to the policyholder have been adjusted for those fees. If the fees are for services to be provided in future periods, then they are deferred and recognised as the service is provided.

Policyholders are charged an initiation fee on some non-participating investment and investment management contracts. If the fee relates to an investment management services component, the fee is deferred and amortised as the services are rendered. 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 in the balance sheet, the fee forms part of the amortised cost value.

Expenses

In respect of non-participating investment contracts, claims reflect the excess of amounts paid over the account balance released.

1.1.1.8 (H) Fee and commission income and expenses

Fee and commission income consists primarily of investment fund management fees, distribution fees from investment funds, commission revenue from the sale of investment fund shares, and intermediary fees. These fees are recognised when the services to which they relate are extended. Reinsurance commissions receivable and other commission income are recognised on the trade date. Other fee expenses represent any uncapitalised commission expense paid during the reporting period to agents, advisers, brokers, and dealers (e.g. renewal commission).

1.1.1.9 (I) Net investment income

Investment income consists of dividends, interest and rental income receivable for the year, fair value changes in investments through profit or loss (as defined in accounting policy T) 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 on the basis of the rental period lapsed.

The realised gain or loss on 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 the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the year. Interest and dividend income is not recognised in net gains and net losses on financial instruments but shown separately in the income statement.

Income from securities lending is recognised and settled with the relevant counterparty on a quarterly basis. Income and expenses under repurchase agreements are included in the contractual transaction amount when the contract expires.

1.1.1.10 (J) Acquisition costs

Acquisition costs are fixed and variable costs arising from writing insurance contracts including direct costs and indirect costs.

Commission expenses and other acquisition costs for insurance contracts and discretionary participating investment contracts represent the acquisition commission costs and other acquisition costs incurred during the period for these contracts, less the amounts capitalised during the financial year, plus amortisation.

Transaction costs for non-participating investment contracts and non-discretionary participating investment contracts only include costs that are taken to the income statement during the term of these contracts. Transaction costs are incremental costs that are directly attributable to the acquisition of a financial asset or financial liability, and include fees, for example for commissions paid to advisers and brokers.

Acquisition costs relating to life insurance contracts and investment contracts are amortised over a period of eight to ten years, while those relating to general insurance contracts are amortised during the period that premiums are earned.

1.1.1.11 (K) Contracts with discretionary participation features (DPF contracts)

Under DPF contracts, investors are assigned a contractual right to additional investment returns achieved by the DPF investment fund. Delta Lloyd Group is entitled to decide whether this additional return is distributed to the policyholder or the shareholder, subject to the contract terms and conditions.

The Netherlands

Except for one product from 'Nationaal Spaarfonds' (NSF), Delta Lloyd Group does not offer any products with discretionary participation features (DPF) in the Netherlands.

Belgium

In the Belgian market all profit-sharing products have discretionary participation features. The discretionary participation features (DPF) are described in a plan that contains the products, conditions and calculations for participation features. The actuarial service department and the Management Board defined this plan, which is approved by the shareholders' meeting and must be authorised by the Belgian insurance regulator (CBFA).

The contracts with discretionary participation features are insurance contracts as well as investment contracts.

Germany

Profit sharing for traditional insurance policies and single-premium investment bonds issued by Delta Lloyd Germany is based on the technical results plus the excess of interest-earnings over the base rate. A total of 93% of the excess interest-earnings and technical results is added to a provision for future allocation to policyholders. This percentage is based on management's assessment of the expected profit distribution, and includes the expected tax amounts. The allocation of this provision is at the discretion of the board of Delta Lloyd Germany.

Unallocated divisible surplus

In Germany the difference between the (net) assets and the (net) liabilities in relation to discretionary participating contracts is classified as a liability in a provision for unallocated divisible surplus.

1.1.1.12 (L) Insurance and DPF investment contract provisions

Change in accounting estimates

Since 2005, Delta Lloyd has used market interest rates to measure the insurance liabilities for many of its products. To date, the DNB swap curve was applied for this purpose. In view of the exceptional developments in the financial markets in the past year, the DNB swap curve is no longer representative of the market rate. Consequently, Delta Lloyd has decided to define the discount curve for its insurance liabilities from 1 January 2008 as the maximum of the DNB swap curve and a yield curve derived from collateralised AAA euro zone bonds. This curve is known as the 'DLG curve'. The Executive Board believes that the DLG curve is a good representation of the market interest rate.

Notes

The market interest rate is derived from financial instruments with characteristics that are as closely in line with the insurance liabilities as possible. The instruments chosen for this are almost free of credit risk and their liquidity matches that of the insurance liabilities.

Until 2008, various instruments or combinations of them, led to almost the same market interest rate:

- Cash plus swaps
- Government bonds
- Corporate bonds plus credit default swaps

The illiquidity premium was negligible for most financial instruments until 2008 but has risen strongly in the current market. The yield based on swaps is much higher than the yields based on other risk-free instruments.

Insurance liabilities are relatively illiquid and form long-term financing with predictable development. In view of their illiquid nature, the higher illiquidity premium has to be reflected in the market interest rate used to measure the liabilities.

Collateralised corporate AAA bonds are less liquid than swaps but are also almost free of credit risk. In outline, the structure is a secured loan, also comparable with the collateral on insurance liabilities. Therefore the Executive Board regards these instruments as the most suitable approach to establish the market interest rate and value insurance liabilities.

Life insurance business provisions

In accordance with IFRS 4, Insurance Contracts, all insurance and DPF investment contract liabilities are recognised on the basis of the accounting policies that applied prior to the introduction of IFRS. As an exception, the provision for life insurance and participating investment contract liabilities have been calculated at market interest rates (instead of fixed interest) in the Netherlands and Belgium. This is the first adjustment towards the fair value measurement of the insurance liabilities in IFRS 4 Phase II.

Life insurance business provisions are calculated separately for each life operation, based on local accounting standard and general actuarial principles. The provisions are calculated on the basis of assumptions, and generally include a margin for prudence. The assumptions used in the calculations depend on the specific situation of the entities. This also applies to the estimated margin for error (if any). The principal assumptions used are disclosed in note 23. Within the life insurance business provisions, explicit allowance is made for vested bonuses, including those arising contractually from unit fund valuation. Movements in provisions are taken to the income statement. The provision in respect of guaranteed benefits for participating insurance contracts is calculated in accordance with

prevailing actuarial principles, using a deterministic approach and a prudent set of valuation assumptions.

Liability adequacy test

IFRS 4 requires an adequacy test for life insurance business provisions to be incorporated at each reporting date, so that losses do not remain unrecognised; Delta Lloyd Group's existing accounting policies meet the following requirements:

- the test considers current estimates of all contractual and related cash flows, such as claims handling costs, as well as cash flows resulting from embedded options and guarantees. This "best estimate" provision is then increased by a risk margin for unhedgeable insurance risks; and
- if the test shows that the provision is inadequate, the entire deficiency is charged to the income statement.

The test is performed on a company level for each portfolio component. Examples of portfolio components are 'group' and 'individual' which are then broken down into 'traditional' and 'unit-linked'.

General and health insurance

General insurance and health claims incurred include all losses occurring during the year, whether reported or not, as well as related handling costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Movements in provisions are taken to the income statement.

(i) Outstanding claims provisions

Outstanding claims provisions for general insurance and health are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs. Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, including the insurance of asbestos and environmental exposures. The ultimate cost cannot be known with certainty at the balance sheet date. Anticipated benefit payments as a result of disability claims are discounted, using either a fixed rate of three or four percent or the current DLG curve. Any estimate represents a determination within a range of possible outcomes. Further details of estimation techniques used are given in note 23.

Outstanding claims provisions are valued net of an allowance for expected future recoveries. Recoveries include assets that have been acquired by exercising rights to salvage and subrogation under the terms of insurance contracts.

Outstanding claims provisions include 'claims incurred but not reported' (IBNR) and claims handling costs. Claims handling costs include all costs in connection with the settlement or payment of claims, and are recognised in the income statement when the claims to which the costs relate are recognised in the income statement. This includes costs such as legal fees, doctors' fees, loss adjusters' fees, and internal and external claims handling costs. Related costs also include costs that cannot be associated with specific claims, but are related to claims paid or in the process of settlement, such as internal costs of the claims functions and a proportion of overheads. Outstanding claims provisions include a margin for prudence. According to the guidelines of Delta Lloyd Group, each business unit's margin for prudence must ensure that the adequacy level of the general insurance business provisions (excluding disability contracts) is within a set range. To this end, the provision is set over the course of the year at a level aiming for 92.5% confidence. If the liability adequacy test shows that confidence is higher than 85% or lower than 99%, no addition or release is made.

The provisioning policy allows the business units to reflect future requirements, such as IFRS and Solvency II, aiming for a best estimate provision plus a risk premium.

(ii) Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred in a provision for unearned premiums. The change in this provision is taken to the income statement during the risk period in question to ensure that the premium reflects the insured risk throughout the policy period.

(iii) Provision for unexpired risks

A provision for unexpired risk is included when the provision for unearned premiums is deemed inadequate.

(iv) Salvage and subrogation

Some insurance contracts allow Delta Lloyd Group to sell property (usually damaged) when settling a claim (e.g. salvage). Delta Lloyd Group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

For disclosure purposes these reimbursements have been estimated. This estimated reimbursement is reflected in note 23 'Change in insurance liabilities' as recoveries on claims payments.

Other assessments and levies

Delta Lloyd Group is subject to various periodic insurance-related assessments or guarantee fund levies. Related provisions are established when there is a present obligation (legal or constructive) resulting from a past event. Such amounts are not included within insurance liabilities but are disclosed under note 28 'Pension obligations and other provisions' in the balance sheet.

1.1.1.13 (M) Non-participating investment contracts

Liabilities for non-participating investment contracts, including non-DPF contracts, are measured at amortised cost, with the exception of unit-linked liabilities. Liabilities under unit-linked contracts are measured at fair value as this eliminates the accounting mismatch that arises if assets and liabilities, and gains or losses thereon, are measured on the basis of different accounting policies. The fair value of the liability is initially established through the use of prospective discounted cash-flow techniques. For unit-linked contracts, the fair value liability equals the fair unit fund value, plus additional non-unit-linked provisions, if required on a fair value basis. The costs to be attributed to these contracts arising from the addition of interest to the liability were deducted from investment returns.

Amortised cost is calculated as the fair value of the consideration received at the date of initial recognition, less the net effect of initial payments such as transaction costs and front-end fees. During subsequent periods, the cumulative amortisation (using the effective interest rate method) of any difference between that initial amount and the maturity value is either added or deducted, less any write-down for surrender payments. The effective interest rate is the rate at which the discounted cash payments are equal to the initial amount. At each reporting date, the amortised cost provision is determined as the estimated value of future cash flows discounted at the effective interest rate.

1.1.1.14 (N) Reinsurance

Delta Lloyd Group assumes and cedes reinsurance in the normal course of business, with retention limits varying by type of insurance contract. Reinsurance assets assumed are recognised in the same way as direct business, taking into account the product classification of the reinsured business. The cost of reinsurance related to insurance contracts is accounted for over the life of the underlying reinsured policies, using assumptions consistent with those used to account for the original policies. Reinsurance assets primarily include balances due from reinsurance companies on ceded reinsurance. Amounts recoverable from reinsurers are estimated in a manner consistent with the

outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

If a reinsurance asset is impaired, Delta Lloyd Group reduces the carrying amount accordingly and recognises that impairment loss in the income statement. A reinsurance asset is impaired if there is objective evidence, resulting from an event that occurred after initial recognition of the reinsurance asset, that indicates that Delta Lloyd Group may not receive all amounts receivable under the terms of the contract, and if the impairment can be measured reliably.

Delta Lloyd Group only reinsures its contracts with reinsurance companies that are rated and/or whose creditworthiness is approved by the group reinsurance credit committee. For contracts with a long duration, such as life, disability or liability reinsurance, an A rating is required as a minimum. For short-term reinsurance a lower rating may be acceptable.

Reinsurance expenses represent the commissions paid to reinsurers.

1.1.1.15 (O) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Delta Lloyd Group's share of net assets, including the (contingent) liabilities, of the acquired subsidiary at 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 often when circumstances or events point to possible impairment. Goodwill is written down for impairment where the recoverable amount is insufficient to support its carrying value. Further details on impairment testing and goodwill allocation and impairment testing are given in accounting policy R and note 10.

Acquired value of in-force business (AVIF)

The present value of future profits on a portfolio of insurance and (discretionary) participating investment contracts acquired, either directly or through the purchase of a subsidiary, is recognised as an intangible asset. In all cases, the AVIF is amortised over the useful life of the related contracts in the portfolio on a systematic basis. Amortisation is based on the profile of the additional value of in-force business acquired and the expected resultant depletion in its value pursuant thereto. The value of the acquired in-force insurance business is reviewed annually for any impairment in value and any reductions are charged as expenses to the income statement. The measurement of the AVIF is based on the development of the corresponding insurance liability.

Other intangible assets

Other intangibles include software and customer relationships and distribution channels valued in relation to an acquisition. Their initial recognition on acquisition takes place at fair value (cost). During subsequent periods they are recognised at cost net of amortisation and impairment. Both purchased software and internally developed software are included. The latter, however, only qualifies for recognition if it is identifiable, if Delta Lloyd Group has power to exercise control over such software and if such software will generate positive future cash flows. Purchased and proprietary software is amortised using a straight-line method over their useful lives, with 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 the fair value can be measured reliably. Customer relationships gained through the acquisition of ABN AMRO Insurance in the Netherlands and Bank Nagelmackers in Belgium (up to the end of 2005) are capitalised and amortised in three and five years respectively.

On the acquisition of ABN AMRO Insurance the access to the ABN AMRO distribution channel was separately identified as an intangible asset which is amortised over 30 years. This represents the duration of the agreement with ABN AMRO Bank. Access to the distribution channels recognised on the acquisition of Erasmus Verzekeringen and Eurolloyd is amortised over 20 years. Amortisation periods for AVIF and other intangible assets are reviewed once a year. If the estimated values deviate from previous estimates, the amortisation period is adjusted.

1.1.1.16 (P) Property and equipment

Owner-occupied properties are carried at their historical cost less accumulated depreciation and impairment. The historical cost of assets that take longer to develop, and owner-occupied properties in particular, also includes capitalised borrowing costs. When such properties are sold, the difference between the carrying value and the selling price is included in profit or loss for the period in which the properties are sold. All other items classed as equipment within the balance sheet are carried at historical cost less accumulated depreciation.

Investment properties under construction are included within property and equipment until completion, and are stated at cost less any provision for impairment.

Depreciation is calculated using the straight line method to write down the cost of the other items of property and equipment to their residual values over their estimated useful lives as follows:

Calculation of depreciation	
Land	No depreciation
Properties (own use)	40 years
Properties under construction	No depreciation
Computer equipment	4 years
Furniture, fixtures	5 years

In case an asset consists of different ‘components’ with different useful lives and/or different residual values, the asset is broken down into these components, which are then depreciated on a separate basis.

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 disposal of property and equipment, representing the difference between the sales price and the carrying value, are taken to the income statement.

Repairs and maintenance are charged to the income statement during 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 future economic benefits will flow to Delta Lloyd Group. Major renovations are depreciated over the remaining useful life of the related asset.

1.1.1.17 (Q) Investment property

Investment property is held for long-term rental yields and is not occupied by Delta Lloyd Group. Investment property is stated at its fair value, which is supported by market evidence, as assessed by qualified external valuers. Changes in fair value are recorded in the income statement within net investment income.

1.1.1.18 (R) Impairment of non-financial assets

Property and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill

The carrying amount of goodwill for each cash generating unit, or combination of cash generating units, is reviewed annually, or more often when circumstances or events point to possible impairment. Goodwill is written down for impairment where the recoverable amount is insufficient to support its carrying value.

The recoverable amount is defined as the discounted value of the expected future profit flows generated by the cash generating unit (value in use) and the fair value, less selling expenses. To test for possible goodwill impairment, the recoverable amount of the relevant cash generating units has been determined on the basis of a discounted cash flow calculation. This calculation is an appraisal value and is based on the discounted expected future cash flows from the operations over a 25-year period. Goodwill relating to the ABN AMRO Insurance division has also been tested using the discounted cash flow method. This method applies also to the value of the distribution channel. Cash flows have been discounted over the remaining life of the contract with ABN AMRO Bank (25 years).

Expected cash flows for future periods have been obtained from the plan figures for the 2009 - 2011 period. Expected cash flows for later periods have been extrapolated, taking into account the growth rate.

Key assumptions used for the calculation are:

- Growth rate represents the rate applied to extrapolate new business contributions beyond the business plan period, and is based on management's best estimate of future growth. The rate is in line with industry expectations and varies between -10.0% and 2.0%.
- Risk-adjusted discount rate represents the rate used to discount expected profits from future new business. The discount rate is a combination of a risk-free rate and a risk margin to make prudent allowance for the risk that experiences in future years may differ from those assumed. The rate varies between 6.7% and 7.53% (2007: 6.7%).
- The applied risk premium is between 1.5% and 4.0%, depending on the risk level of the activities involved.

Other non-financial assets

As regards other non-financial assets, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. The selling price 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. The assessment as to whether an impairment has occurred takes place at the level of the separate asset or the smallest identifiable cash flow-generating entity.

1.1.1.19 (S) Derecognition and offset of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- the company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.1.1.20 (T) Financial investments

Delta Lloyd Group classifies its investments as either financial assets at fair value through profit or loss (FV), available-for-sale financial assets (AFS), or loans and receivables (see accounting policy V). The classification depends on the purpose for which the investments were acquired, and is determined by Delta Lloyd Group at initial recognition. In general, the FV category is used where this eliminates an accounting mismatch. An accounting mismatch can exist for insurance contracts where the insurance liability is measured using market-based interest rates. Several securitised mortgages, the derivatives and related liabilities are managed on the basis of fair value. Delta Lloyd Group also evaluates their performance on the basis of fair value, in line with its risk strategy. The relevant assets are equally classified in this category. The fair value is determined on the basis of the current swap curve, while the probability of early repayment is set at 7%. Details of securitised mortgages are given in note 17.

The category 'at fair value through profit or loss' has two sub-categories - those that meet the definition as being held for trading and those Delta Lloyd Group chooses to designate as FV at initial recognition (referred to in this accounting policy as 'other than trading'). A number of investments held by the entities in Delta Lloyd Banking are classified in the held for trading category, as well as the derivatives.

Purchases and sales of investments are recognised at fair value plus transaction costs when the trade occurs; i.e., on the date on which Delta Lloyd Group commits to purchase or sell the assets. In case of purchases, the fair value includes transaction costs. In case of sales, transaction costs are deducted. Debt securities and other fixed income investments are initially measured at fair value including transactions costs. For the purpose of the appropriation of the interest amounts in the income statement the amortised cost is set annually. Subsequently, the difference between the initial value and future repayment is charged or credited to the income statement in amortisation, using the effective interest rate method. The initial amortised cost is calculated as the fair value including transactions costs.

Investments classified as trading, other than trading and AFS are subsequently carried at fair value. Changes in the fair value of trading and other than trading investments are included in the income statement in the period in which they arise. Changes in the fair value of securities classified as AFS, except for impairment losses and relevant foreign exchange gains and losses, are recorded in a specific investment valuation reserve within equity.

The fair values of investments are based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios defined to reflect the specific circumstances of the issuer. Preference shares are measured using the discounted cash flow method. The discount rate applied is the market interest rate based on the 10-year government bond yield; where necessary, this rate is increased by a bad debt risk margin. When securities classified as AFS are sold or impaired, the accumulated fair value adjustments are transferred out of the investment valuation reserve to the income statement.

Impairment

Delta Lloyd Group reviews the carrying value of its investments on a regular basis. If the carrying value of an investment is greater than the recoverable amount for a prolonged period, the carrying value is reduced through a charge to the income statement in the period of decline. The following policies are used to determine the level of any impairment:

(a) Financial assets carried at amortised cost

A financial asset or a group of financial assets is considered to be impaired when there is objective evidence of impairment as a result of events occurring after the date of the initial recognition (a 'loss event'), and when that event has an impact on the estimated future cash flows. Objective evidence that a financial asset or a group of assets is impaired includes observable data that comes to the attention of Delta Lloyd Group 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 that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the Group;
 - national or economic conditions that correlate with defaults on the assets in the Group.

Delta Lloyd Group first assesses whether objective evidence of impairments exists for financial assets that are individually significant. If Delta Lloyd Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses these 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 future estimated 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 added to the income statement.

(b) Financial assets carried at fair value

Delta Lloyd Group assesses at each reporting date whether objective evidence exists that an AFS financial asset is impaired. In the case of equity instruments classified as AFS 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.

If the impairment proves to be structural, Delta Lloyd Group may decide to recognise impairment despite the period being less than six months.

The following rules for impairment apply to debt securities available for sale. Government bonds are only written down if it is certain that they will not be redeemed. This also applies to corporate bonds, but they are also written down 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 the 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 AFS increases and the increase can be objectively related to an event occurring after the recognition of the impairment loss, the impairment is reversed through the income statement. Impairment losses on equity securities cannot subsequently be reversed via the income statement.

Financial assets carried at fair value with changes in the fair value recognised in the profit or loss are not subject to impairment testing. The fair value of these assets already reflects possible impairments.

1.1.1.21 (U) Derivative financial instruments

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 balance sheet at their fair value, which usually represents their cost. They are subsequently re-measured at their fair value, recognising movements in this value in profit or loss. Fair values are obtained from quoted market prices or, if these are not available, by using valuation techniques such as discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. Premiums paid for derivatives are recorded as an asset on the balance sheet at the date of purchase, representing their fair value at that date.

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. Derivatives are subject to various risks including market, liquidity and credit risk, similar to those related to the underlying financial instruments.

The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the balance sheet as they do not represent the potential gain or loss associated with such transactions. These amounts are disclosed in note 36.

Fair value hedge accounting

Delta Lloyd Group 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 these derivatives have been designated for this and the following conditions have been met.

Before hedge accounting can be used, Delta Lloyd Group documents the hedging objective and strategy, the relationship between the hedged position and the derivative used as the hedging instrument, and the method used to assess the effectiveness of the hedge relationship. Before hedge accounting is applied, it has been established that the hedge is likely to be highly effective. During the hedging period, the effectiveness is tested and documented for each reporting period. A hedge is considered to be effective if the change in the fair value of the hedged position is offset almost fully by a change in the fair value of the hedging instrument. A bandwidth of 80 - 125% applies for this.

Changes in the fair value of derivatives designated as 'fair value hedges' which 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 in 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 at which the carrying value was 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 direct to income statement and presented separately in Result from derivatives.

1.1.1.22 (V) Loans and receivables

Loans and receivables with fixed maturities, including policyholder loans, issued loans, mortgage loans, securitised mortgages and loans, are recognised when cash is advanced to borrowers. These loans, excluding certain mortgages, which are described below, are initially carried at their fair value. Subsequent valuation is based on amortised cost, using the effective interest rate method. To the extent that loans and receivables are not collectible, they are written off as impaired. Subsequent recoveries are credited to the income statement.

The recognition of impairment losses on loans is explained under (a) of accounting policy T.

1.1.1.23 (W) Capitalised acquisition costs

The costs directly attributable to the acquisition of new business for insurance and participating investment contracts are capitalised provided these costs are covered by future margins on these contracts. For non-participating investment contracts and investment fund management contracts, incremental acquisition costs and sales enhancements that are directly attributable to securing investment management services, are also capitalised.

Life insurance business capitalised acquisition costs are amortised systematically over a period no longer than the period in which they are expected to be recovered out of these margins. Deferrable acquisition costs for investment management services in relation to non-participating investment contracts are amortised over the period in which the service is provided. General insurance and health capitalised acquisition costs are amortised over the period in which the related revenues are earned. The reinsurers' share of capitalised acquisition costs is amortised consistent with the underlying asset.

Capitalised acquisition costs are reviewed by category of business at the end of each reporting period and are written off where they are no longer considered to be recoverable.

1.1.1.24 (X) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments with less than 90 days maturity from the date of acquisition. For the purposes of the cash flow statement, cash and cash equivalents also include bank overdrafts, which are included within payables and other financial liabilities on the balance sheet.

1.1.1.25 (Y) Borrowings

Borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost, and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Notes issued by Delta Lloyd Levensverzekering and Delta Lloyd Bank Belgium in relation to securitised mortgage loans are recognised at amortised cost. Amstelhuys NV recognises these notes at fair value through profit or loss in the income statement under 'other operating income', even though they were initially recognised as loans and receivables under IAS 39. The total of the financial assets and financial liabilities relating to securitised mortgages is managed on the basis of fair value, and their performance is also evaluated on the basis of fair value. This means that the Fair Value Option under IAS 39 is applied. These notes are restated to fair value through profit or loss at each period end, using the actual three-month EURIBOR rates. Differences between the fair values and market values thus calculated are negligible. Details of the notes are given in note 30. As explained in note 30, the fair value of borrowings is calculated on the basis of future cash flows discounted at a market interest rate.

1.1.1.26 (Z) Share capital

Share issue costs

External costs directly attributable to and resulting from the issue of new shares, are shown in equity as a deduction, net of tax, from the proceeds.

Reserves

Reserves consist of the share premium account, the revaluation reserve and other reserves. The share premium account includes calls paid on shares in excess of the face value. The revaluation reserve only comprises the revaluation of AFS investments, including value changes taken to equity less deferred tax liabilities and less any part of the revaluation allocated to the DPF provision.

Dividend available for distribution

Dividend available for distribution on ordinary shares is recognised in equity in the period in which they are declared and, for the final dividend, approved by shareholders. Dividend available for distribution on preference shares is recognised in the income statement as interest cost or taken to equity in the period in which they are declared and approved, dependent on the classification of the financial instruments.

1.1.1.27 (AA) Leases

Leases, where a significant portion of the risks and rewards of ownership is retained by the lessor, are recognised as operating leases. Payments made as lessees under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

There are no material finance leases affecting Delta Lloyd Group as either lessor or lessee.

1.1.1.28 (AB) Provisions and contingent liabilities

Provisions are recognised when Delta Lloyd Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the scope of the obligation can be made. If Delta Lloyd Group deems it virtually certain that a provision will be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset.

The reorganisation provisions include redundancy payments to employees and the cost of non-cancellable rental commitments.

Delta Lloyd Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Liabilities that do not meet the criteria for recognition as outlined above are disclosed as contingent liabilities in the notes, unless the possibility of an outflow of economic benefits is deemed to be remote.

1.1.1.29 (AC) Employee benefits

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service bonuses accumulated up to the balance sheet date.

Pension obligations

Delta Lloyd Group operates a number of defined benefit as well as defined contribution plans in all countries in which it operates, the assets of which are generally held in separated investment funds. The pension plans are generally funded by payments from employees and by the relevant subsidiaries, taking account of the recommendations of qualified actuaries. For defined benefit plans, the pension costs and obligations are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees, in accordance with actuarial calculations. Additionally, the interest cost and the expected return on plan assets are included in the pension cost. 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. Plan assets at fair value are deducted from pension obligations. The resulting pension plan surplus or deficit appears as an asset or obligation in the consolidated balance sheet, reflecting the extent to which repayments can be expected. Plan assets are assets held by a fund that is legally separated from Delta Lloyd Group, with the exception of non-transferable financial instruments issued by the Group. These plan assets may only be used to pay employee benefits; they may not be used to meet any other obligations of the Group. Delta Lloyd Group has opted for the principal pension plan in the Netherlands to recognise actuarial gains and losses directly in the income statement.

For defined contribution plans, Delta Lloyd Group pays contributions to collectively or individually administered pension plans. Once the contributions have been paid, Delta Lloyd Group, as employer, has no further payment obligations. Delta Lloyd Group's contributions are charged to the income statement.

In the Netherlands the Delta Lloyd pension fund has reinsured its pension obligations with Delta Lloyd Levensverzekering, a subsidiary, and as a result the related investments do not qualify as plan assets. To avoid an overstatement of the assets and the liabilities, the insurance liabilities and the associated cash flows are eliminated. See note 29 for details.

Other employee benefits

Some subsidiaries offer retirees or their surviving dependants certain benefits on reaching retirement age. The entitlement is usually paid in the form of compensation of social security contributions. Delta Lloyd Group additionally offers long-service bonuses, leave schemes for senior employees and early retirement schemes.

Share-based and performance-related compensation plans

Delta Lloyd Group has operated a Phantom Option Plan since 2004. Under this plan phantom options are annually granted on a conditional basis to certain staff members and the management of Delta Lloyd Group. An initial payment is not required. A phantom option entitles the holder to receive in cash the increase in value of a 'performance unit' measured from the date of grant until the date of exercise. Subject to the fulfilment of the set performance criteria, the phantom options will

vest at the end of the performance period. The vesting date is exactly three years after the date of grant of the options. The performance unit is the 'basis' of the phantom option. The holder is entitled to the increase in value of the performance unit. The exercise period is five years from the vesting date. The number of options granted that will vest depends on the relative growth of the performance unit, the value of which is determined on the basis of the development of the embedded value of Delta Lloyd Group relative to a predefined peer group.

A provision is included for the costs that are expected to be incurred in relation to this Plan. This provision is determined on the basis of the number of issued options multiplied by the expected probability of vesting and the expected exercise price. The provision is formed during a period of three years and is charged to income, assuming a discount rate of 4% and an expected increase in the phantom option price of 7%. Staff turnover is also taken into account.

1.1.1.30 (AD) Income taxes

The tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years and changes in deferred tax assets and liabilities. Tax is allocated over the result before taxation and amounts charged or credited to reserves, as appropriate.

Provision is made for deferred tax liabilities and deferred tax assets on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from depreciation of property and equipment, revaluation of certain financial assets and liabilities, including derivative and insurance contract liabilities, provisions for pensions, other post-retirement benefits and tax losses carried forward. The rates enacted or substantially enacted at the balance sheet date are used to determine the deferred tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be compensated.

Deferred taxes are not provided in respect of temporary differences arising from the initial recognition of goodwill, or from goodwill for which amortisation is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit or loss at the time of the transaction.

Deferred tax related to fair value re-measurement of AFS investments and other amounts taken directly to equity is recognised in the balance sheet as a deferred tax asset or liability.

1.1.1.31 (AE) Discontinued operations and assets held for sale

Assets held for disposal as part of operations which are discontinued or held for sale are recorded at the lower of their carrying amount and their fair value, less the expected cost to sell the assets.

1.1.2 Consolidated income statement

Consolidated income statement for the year ended 31 December		
In millions of euros	2008	2007
Income		
Gross written premiums (F, 5)	5,911.2	5,304.5
Outward reinsurance premiums	-119.6	-188.6
Net written premiums	5,791.6	5,115.9
Change in unearned premiums provision	-24.9	6.2
Net premiums earned (F, 4, 5)	5,766.7	5,122.2
Investment income	489.3	1,870.1
Share of profit or loss after tax of associates (C, 5)	-27.8	-3.2
Investment income (I, 5)	461.5	1,866.9
Fee and commission income (G, H, 5)	366.2	342.5
Result on disposal of subsidiaries	13.1	-
Other operating income (Y, 5)	501.1	132.6
Total investment and other income (4, 5)	1,342.0	2,342.0
Total income (4, 5)	7,108.6	7,464.2
Expenses		
Net claims and benefits paid	3,557.3	3,983.4
Change in insurance liabilities (including liabilities for participating investment contracts)	1,013.4	296.1
Profit sharing and discounts	84.4	133.1
Expenses relating to the acquisition of insurance and investment contracts	714.7	615.7
Expenses relating to the acquisition of other contracts	41.2	50.8
Finance costs	873.5	757.2
Other operating expenses	1,028.6	807.1
Total expenses	7,313.0	6,643.4
Result before tax from continuing operations (4, 5)	-204.3	820.8
Current tax (AD, 9)	-32.1	29.1
Result after tax from discontinued operations (AE, 3)	19.0	-4.4
Net result	-153.2	787.3
Attributable to:		
Majority interests	-160.8	744.9
Minority interests	7.6	42.4
Net result	-153.2	787.3

The accounting policies (identified alphabetically) and notes (identified numerically) are an integral part of these accounts.

1.1.3 Consolidated balance sheet

Consolidated balance sheet as at 31 December		
In millions of euros	2008	2007
Assets		
Goodwill (O, 10)	260.9	205.4
AVIF and other intangible fixed assets (O, 11)	189.1	195.6
Capitalised acquisition costs (W, 19)	232.1	207.9
Property and equipment (P, 12)	262.6	225.2
Investment property (Q, 13)	2,366.5	2,168.1
Associates (C, 14)	193.6	340.3
Deferred tax assets (AD, 27)	24.3	11.7
Debt securities (T, 15)	18,512.1	18,601.3
Equity securities (T, 15)	13,725.4	14,276.6
Derivatives (U, 15, 36)	1,363.9	305.7
Loans at fair value through profit or loss (V, 15)	6,102.6	5,898.3
Other loans and receivables (V, 15, 16)	12,490.2	11,979.8
Reinsurance assets (H, N, 24)	722.0	1,282.4
Plan assets (AC, 29)	31.4	19.8
Inventory of real estate projects (A, 19)	98.8	83.7
Receivables and other financial assets (A, 18)	2,038.3	3,021.0
Current tax assets	54.4	74.1
Capitalised interest and prepayments	585.2	503.7
Cash and cash equivalents (X)	2,551.4	957.9
Assets held for sale (AE, 3)	1,358.2	1,957.5
Total assets	63,163.0	62,316.1
Capital and reserves		
Share capital (Z, 20)	107.1	107.1
Ordinary share premiums	91.8	91.8
Revaluation reserves (21)	-143.3	1,278.1
Revaluation reserves of assets held for sale (3)	-3.7	5.4
Retained earnings (22)	2,966.4	3,353.6
Total capital and reserves	3,018.3	4,836.0
Minority interests	267.5	237.4
Shareholders funds	3,285.8	5,073.4
Liabilities		
Insurance liabilities (L, 23)	33,811.5	31,292.1
Liabilities for investment contracts (K, L, M, 25)	3,326.7	2,209.7
Pension obligations (AC, 28, 29)	1,572.0	1,499.9
Provisions for other liabilities (AB, 28)	134.3	107.7
Deferred tax liabilities (AD, 27)	179.6	227.4
Borrowings (Y, 30)	8,540.2	9,472.2
Derivatives (U, 36)	620.1	86.1
Financial liabilities (C, 31)	7,163.0	6,353.9
Current tax liabilities	-	45.4
Other liabilities (A, 32)	3,304.5	4,191.3
Liabilities relating to assets held for sale (AE, 3)	1,225.3	1,756.9
Total equity and liabilities	63,163.0	62,316.1

The accounting policies (identified alphabetically) and notes (identified numerically) are an integral part of these accounts.

1.1.4 Consolidated statement of changes in equity

Consolidated statement of changes in equity								
In millions of euros	Ordinary share capital	Preference shares	Ordinary share premiums	Revalua- tion reserves	Retained earnings	Total capital and reserves	Minority interests	Total equity
At 1 January 2007	29.9	77.1	91.8	1,505.4	2,818.4	4,522.7	199.7	4,722.4
Impact of changes in accounting policies	-	-	-	-	-35.8	-35.8	-	-35.8
Restated opening balance 2007	29.9	77.1	91.8	1,505.4	2,782.6	4,486.9	199.7	4,686.6
Gross fair value gains and losses	-	-	-	239.5	-	239.5	-4.7	234.7
Transfer of available-for-sale equity relating to DPF contracts to provisions	-	-	-	-13.2	-	-13.2	-	-13.2
Realised gains/losses on revaluations of financial instruments available for sale	-	-	-	-519.3	-	-519.3	-	-519.3
Acquisition of interests in subsidiaries/associates	-	-	-	-	-	-	0.1	0.1
Foreign exchange differences	-	-	-	-1.2	-	-1.2	-0.0	-1.2
Disposal of associates	-	-	-	-0.1	-	-0.1	-0.1	-0.1
Aggregate tax effect	-	-	-	72.3	-	72.3	-	72.3
Net gains and losses not recognised in income statement	-	-	-	-221.9	-	-221.9	-4.6	-226.5
Result for the year	-	-	-	-	744.9	744.9	42.4	787.3
Total income and expenses	-	-	-	-221.9	744.9	523.0	37.8	560.8
Dividends	-	-	-	-	-173.9	-173.9	-0.1	-174.0
At 31 December 2007	29.9	77.1	91.8	1,283.5	3,353.6	4,836.0	237.4	5,073.4
At 1 January 2008	29.9	77.1	91.8	1,283.5	3,353.6	4,836.0	237.4	5,073.4
Gross fair value gains and losses	-	-	-	-2,316.2	-	-2,316.2	22.8	-2,293.4
Transfer of available-for-sale equity relating to DPF contracts to provisions	-	-	-	-8.5	-	-8.5	-	-8.5
Realised gains/losses on revaluations of financial instruments available for sale	-	-	-	769.3	-	769.3	-	769.3
Foreign exchange differences	-	-	-	2.8	-	2.8	0.0	2.8
Disposal of associates	-	-	-	1.1	-	1.1	-0.4	0.7
Aggregate tax effect	-	-	-	121.1	-	121.1	-	121.1
Net gains and losses not recognised in income statement	-	-	-	-1,430.5	-	-1,430.5	22.4	-1,408.1
Result for the year	-	-	-	-	-160.8	-160.8	7.6	-153.2
Total income and expenses	-	-	-	-1,430.5	-160.8	-1,591.3	30.0	-1,561.2
Dividends	-	-	-	-	-226.4	-226.4	-	-226.4
At 31 December 2008	29.9	77.1	91.8	-147.0	2,966.4	3,018.3	267.5	3,285.8

Of the revaluation reserve, € -3.7 million (2007: 5.4 million) relates to operations held for sale. Details are included in note 3.

Net fair value gains and losses relate to unrealised fair value gains and losses on financial assets held for sale. The impact of changes in accounting policies on equity and the result after tax is described in more detail in 1.1.1.

Further details of dividend payments and dividend policy are provided in note 22. The accounting policies (identified alphabetically) and notes (identified numerically) are an integral part of these accounts.

1.1.5 Consolidated cash flow statement

Cash flow from operating activities		
In millions of euros	2008	2007
Net result	-153.2	787.3
Net result from discontinued operations	19.0	-4.4
Net result excluding discontinued operations	-172.2	791.8
Adjustments for:		
- Tax	-32.1	29.1
- Depreciation	31.9	21.0
- Amortisation	319.7	287.1
Impairments of:		
- Intangible assets	12.1	0.2
- Financial investments	950.9	55.8
- Loans and receivables including insurance receivables	33.7	11.8
Result on sale of investment property	-0.3	-0.1
Net unrealised fair value gains on financial assets and investment property	1,147.2	703.2
Share of profit or loss from associates	27.8	3.2
Cash generating profit of the year	2,318.7	1,903.0
Net (increase)/decrease in intangible assets related to insurance and investment contracts	-18.6	1.3
Net (increase)/decrease in other intangible assets	-4.5	-16.5
Net (increase)/decrease in investment property	-236.2	-67.3
Net (increase)/decrease in plan assets	-11.6	-12.6
Net (increase)/decrease in associates	101.3	-5.0
Net (increase)/decrease in debt securities	390.6	149.4
Net (increase)/decrease in equity securities	-3,281.1	-898.6
Net (increase)/decrease in other investments	261.9	-610.5
Net (increase)/decrease in loans and receivables	-827.0	-1,106.7
Net (increase)/decrease in reinsurance assets	550.7	-153.0
Net (increase)/decrease in other assets	-191.8	-303.6
Net (increase)/decrease in receivables and other financial fixed assets	-1,649.2	-2,552.2
Net (increase)/decrease in prepayments and accrued income	-81.2	75.1
Net (decrease)/increase in insurance contract liabilities	2,519.2	1,108.9
Net (decrease)/increase in investment contract liabilities	557.1	48.5
Net (decrease)/increase in pension obligations	98.6	49.8
Net (decrease)/increase in tax assets / liabilities	-110.6	-72.2
Net (decrease)/increase in borrowings	-535.7	-30.3
Net (decrease)/increase in other liabilities	-60.5	1,386.1
Net (decrease)/increase in financial liabilities	874.5	167.8
Net movement in derivative financial instruments	86.8	-72.0
Cash flow from operating activities	751.7	-1,010.4

Consolidated cash flow statement		
In millions of euros	2008	2007
Cash flow from operating activities	751.7	-1,010.4
Interest paid	-848.6	-748.9
Interest received	1,865.2	1,648.5
Dividends received	487.0	395.5
Corporation tax paid	45.1	-194.3
Net cash flow from operating activities	2,300.3	90.4
Net cash flow from operating activities of discontinued operations	406.6	-16.3
	2,706.9	74.1
Cash flow from investing activities		
New equity capital	-4.2	-306.7
Acquisition of associates	-	-1.8
Disposal of associates	15.3	6.1
Acquisition of subsidiaries, including cash and cash equivalents acquired	-65.6	-88.8
Disposal of subsidiaries, including cash and cash equivalents sold	4.4	-
Purchases of property and equipment	-81.5	-5.2
Proceeds from sale of property and equipment	12.7	2.2
Net cash flow from investing activities	-118.9	-394.1
Net cash flow from investing activities of discontinued operations	-	0.7
Total	-118.9	-393.5
Cash flow from financing activities		
Proceeds from borrowings	527.7	1,749.7
Repayments of borrowings	-902.1	-1,293.0
Proceeds from issuance of convertible bonds		
Dividends paid to shareholders	-226.4	-173.9
Dividends paid to minority interests	0.0	0.0
Net cash flow from financing activities	-600.8	282.8
Net cash flow from financing activities of discontinued operations	-38.5	38.6
Total	-639.3	321.4
Net (decrease)/increase in cash and cash equivalents	1,580.6	-21.0
Net (decrease)/increase in cash and cash equivalents of discontinued operations	368.0	22.9
Cash and cash equivalents at beginning of year	970.8	991.8
Net (decrease)/increase in cash and cash equivalents	1,580.6	-21.0
Cash and cash equivalents at year end	2,551.4	970.8
Cash and cash equivalents of discontinued operations at beginning of year	131.3	108.4
Net (decrease)/increase in cash and bank overdrafts	368.0	22.9
Cash and bank overdrafts from discontinued operations at end of year	499.3	131.3
Total cash and bank overdrafts at end of year	3,050.8	1,102.1
Cash and bank overdrafts Delta Lloyd Group Health (3)	499.3	131.3
Cash and bank overdrafts CUIL (3)	-	12.9
Cash and bank overdrafts consolidated balance sheet	2,551.4	957.9

The accounting policies (identified alphabetically) and notes (identified numerically) form an integral part of these accounts.

1.1.6 Notes to the consolidated financial statements

1.1.6.1 (1) Exchange rates

Delta Lloyd Group's operations are almost entirely carried out in the euro zone. There are no significant operations outside this area.

The total currency results led to a loss of € 1.5 million in 2008 (2007: loss of € 0.2 million).

1.1.6.2 (2) Subsidiary undertakings

(a) Acquisitions during the financial year

Acquisition of Swiss Life Belgium

On 30 June 2008, SNS Reaal and Delta Lloyd Group reached agreement on the sale of all the shares in Swiss Life Belgium to Delta Lloyd Group for € 141.9 million in cash. This price incorporates a preliminary calculation of goodwill of € 59.8 million. With this acquisition Delta Lloyd Group doubled its insurance activities in Belgium. Swiss Life Belgium is active in life and general insurance and property investment.

Swiss Life Belgium contributed a loss of € 44.0 million and gross written premiums in the amount € 173.1 million to the overall result achieved by Delta Lloyd Group. If the transaction had been effected as at 1 January 2008, the contribution would have been a loss of € 80.9 million. Gross written premiums for 2008 amounted to € 343.3 million.

The initial accounting for the acquisition of Swiss Life Belgium has not yet been determined definitively. In accordance with accounting standards, this will be done within twelve months of the acquisition date. It has been decided to complete the process in early 2009. The final balance sheet is not expected to show significant differences compared to the provisional acquisition balance sheet. Effective from 1 January 2009, the name Delta Lloyd Life is exclusively used instead of Swiss Life Belgium.

Acquired assets and liabilities as at 30 June 2008

In millions of euros	30 June 2008 IFRS Swiss Life Belgium	30 June 2008 IFRS Delta Lloyd
Assets		
Intangible fixed assets	-	22.1
Property and equipment	23.6	23.6
Investment property	92.9	101.9
Debt securities	2,198.6	2,198.6
Equity securities	588.0	588.0
Loans	141.2	141.2
Reinsurance assets	35.1	35.1
Receivables and other financial assets	125.9	125.9
Other assets	25.0	25.0
Cash and cash equivalents	76.3	76.3
Total assets	3,306.5	3,337.6
Liabilities		
Insurance liabilities	2,071.8	1,955.1
Liabilities for investment contracts	1,036.9	970.9
Other provisions	51.7	51.7
Borrowings	176.9	176.9
Financial liabilities	25.6	25.6
Other liabilities	75.4	75.4
Total liabilities	3,438.3	3,255.6
Net asset acquired		82.0
Acquisition price		141.9
Goodwill		59.8

(b) Disposals**Disposal of CUIL SA**

On 5 November 2008, Delta Lloyd Life exchanged its 100% interest in CUIL SA for a 15% interest in NEWPEL SA, which is recognised as equity. NEWPEL SA is an investment company specialising in insurance companies and is registered in Luxembourg. The sale price for CUIL SA was € 17.4 million. There was no gain or loss on the sale.

Disposed assets and liabilities as at 5 November 2008	
In millions of euros	5 November 2008
Assets	
AVIF	5.8
Debt securities	1.8
Equity securities	474.6
Other assets	17.4
Receivables and other financial assets	2.0
Cash and cash equivalents	6.9
Total assets	508.5
Liabilities	
Insurance liabilities	0.2
Liabilities for investment contracts	474.1
Other liabilities	16.9
Total liabilities	491.1
Shareholders funds	17.4

Disposal of Delta Lloyd Investment Managers GmbH

On 1 July 2008, Delta Lloyd Deutschland AG sold its interest in Delta Lloyd Investment Managers GmbH to KAS Bank for € 18.4 million, realising a capital gain of € 13.1 million. Total assets and total liabilities amounted to € 8.6 million and € 3.2 million, respectively.

(c) Other information

Information on the principal associates at 31 December 2008 is included in note 14, Investments in associates.

1.1.6.3 (3) Discontinued operations and assets held for sale

The composition of assets and liabilities classified as held for sale and of discontinued operations at year end is:

Discontinued operations and assets held for sale		
In millions of euros	2008	2007
Delta Lloyd Group Health	1,355.3	1,317.0
CUIL SA	-	598.5
ArboNed	-	2.7
OHRA property	-	36.5
Delta Lloyd Banking Division property	2.9	2.9
Total	1,358.2	1,957.5
Liabilities relating to assets held for sale		
Delta Lloyd Group Health	1,225.3	1,177.2
Staff-related liabilities due to Delta Lloyd Groep Zorgverzekeringen employees	-	2.9
CUIL SA	-	576.8
Total	1,225.3	1,756.9

Operations to be discontinued

In 2007, it was decided to sell the health operations to the Tilburg-based CZ Group. A sale and purchase agreement was signed on 14 December 2007. From that date, the financial data of the entities involved are recognised separately as discontinued operations in the financial statements. These are impaired if the fair value less expected selling costs of the assets is lower than the carrying

value. There was no impairment. The transaction was effected from 1 January 2009. Until that date Delta Lloyd Group continued to bear the insurance risk of the health activities. The run-off for the years before 2009 is for the risk of Delta Lloyd Group.

In accordance with IFRS 5 Non-current assets held for sale and discontinued operations, the health operations are presented as discontinued operations.

From 1 January 2009, CZ undertakes the following activities: healthcare procurement, claim settlement and policy processing. Delta Lloyd will retain responsibility for the marketing and distribution of health insurance policies, which will be sold under the 'Delta Lloyd' and 'OHRA' labels. The following table gives the results of Delta Lloyd Group Health recognised in the consolidated income statement as discontinued operations.

Summarised income statement of Delta Lloyd Group Health as at 31 December		
In millions of euros	2008	2007
Total income	1,585.7	1,410.3
Total expenses	1,558.6	1,422.2
Result before tax	27.0	-11.9
Current tax	8.0	-7.4
Net result	19.0	-4.4

The gross profit on the sale of Delta Lloyd Group Health at 1 January 2009 is € 25.0 million. Costs of € 6.2 million relating to the sale have also been recognised in 2009.

The assets and liabilities recognised as discontinued operations in the consolidated balance sheet of Delta Lloyd Group at 31 December amount to:

Assets and liabilities of Delta Lloyd Group Health as at 31 December		
In millions of euros	2008	2007
Assets		
Debt securities	347.0	321.5
Equity securities	62.4	109.3
Other loans and receivables	0.0	82.1
Cash and cash equivalents	499.3	131.3
Other assets	566.5	891.8
Adjustment for group eliminations	-119.9	-219.1
Assets held for sale	1,355.3	1,317.0
Liabilities		
Insurance liabilities	733.2	853.3
Provisions for other liabilities	7.6	7.6
Borrowings	-	38.6
Financial liabilities	32.4	97.8
Other liabilities	484.0	299.9
Adjustment for group eliminations	-32.0	-119.8
Liabilities relating to assets held for sale	1,225.3	1,177.2

Adjustments for group eliminations relate to intercompany eliminations with other Delta Lloyd Group companies and deferred taxes. These fall outside the scope of the agreement with CZ Group.

Revaluation reserves of Delta Lloyd Group Health in relation to assets classified as available for sale at year end		
In millions of euros	2008	2007
At 1 January 2008	5.4	30.0
Net fair value gains and losses arising in period	-10.6	-29.1
Aggregate tax effect	1.5	4.5
At 31 December 2008	-3.7	5.4

Non-current assets held for sale

Apart from the sale of Delta Lloyd Group Health, the following item is recognised in the balance sheet as non-current asset held for sale:

On 31 December 2007, Delta Lloyd Bank decided to sell its building in Antwerp, Belgium. The property is recognised as an asset held for sale as of this date. The expected selling price is higher than the carrying value of the building. The transaction is expected to be completed in the near future.

The planned sale of the office in Arnhem was cancelled. The building is again recognised as owner-occupied property, see note 12. Depreciation expense has been adjusted as if there was no held for sale treatment.

1.1.6.4 (4) Segmental information

In preparing the segmental financial information, the classification of assets and liabilities as discontinued operations and assets held for sale, as described in note 3, is not taken into account.

(a) Primary reporting format - business segments

The principal activity of Delta Lloyd Group is financial services, which is managed using the following reporting segments: life business, general insurance, health insurance, banking, fund management and other. All transactions between segments occur on an arm's-length basis.

Life

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.

General

The general insurance business provides insurance cover to individuals and businesses for risks associated mainly with motor vehicles, property, disability and liability, such as employers' liability and professional indemnity liability.

Health

The health insurance business consists of insurance for medical expenses, group health contracts for small and medium-sized entities and the basic health insurance introduced under the Health Insurance Act in 2006. As explained under note 3, the health operations, with the exception of the Delta Lloyd and OHRA sales channels, were sold to CZ Group effective 1 January 2009.

Banking

The banking division incorporates virtually all banking activities of Delta Lloyd Group in the Netherlands, Belgium and Luxembourg.

Fund management

The fund management business invests shareholders' and policyholders' funds, provides investment management services for institutional pension fund mandates and manages a range of retail investment products, including investment funds and unit trusts.

Other

A substantial part of Delta Lloyd Group's mortgage business is included in this segment. The remainder of the mortgage activities is shown in the Life business, as these mortgages are part of the investment portfolios of life insurance companies. Overheads, such as Group finance, expenses incurred by corporate staff departments and other activities not related to the core business segments are also classified as 'Other'. Any segments that are not reportable segments due to their immateriality are also reflected in this category, together with any other reconciling items. Minority interests and taxes are not allocated among the segments.

The accounting policies of the segments are the same as those described in the section on accounting policies. Any transactions between the business segments are on normal commercial terms and market conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet but excluding items such as equity and tax.

Segmental income statement for the year ended 31 December							
In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2008
Income							
Net premiums earned	4,506.5	1,260.0	1,562.5	-	-	0.2	7,329.2
Interest income	1,062.6	77.0	41.9	437.8	-2.5	290.4	1,907.2
Total investment and other income (excl. interest income)	-581.3	-72.3	-18.9	-65.9	107.8	37.1	-593.4
Total income	4,987.8	1,264.7	1,585.6	371.9	105.3	327.7	8,643.0
Expenses							
Insurance and investment contract expenses	3,932.5	722.5	1,477.5	-	-	-	6,132.5
Finance costs	183.6	3.6	4.2	337.8	0.0	342.1	871.4
Other expenses	722.1	513.4	115.3	196.8	92.7	176.0	1,816.3
Total expenses	4,838.3	1,239.5	1,597.0	534.6	92.7	518.1	8,820.3
Segment results	149.5	25.2	-11.5	-162.7	12.6	-190.3	-177.3
Current tax							-24.1
Net result after tax before minority interests							-153.2
Total intercompany income	185.4	22.4	3.9	73.2	20.1	250.3	555.2
Total intercompany expenses	148.5	104.1	43.2	32.6	53.0	173.8	555.2

The differences between the consolidated income statement and the income statement by segment is attributable to the presentation of the health operations.

Other items included in the segmental income statement for the year ended 31 December

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2008
Depreciation	16.3	0.4	-	6.9	0.7	7.6	31.9
Amortisation of intangible fixed assets	13.9	11.4	-	2.6	-	1.1	29.0
Impairment of goodwill, AVIF and other intangible fixed assets	7.9	-	-	-	-	4.1	12.1
Impairment of doubtful debt	1.9	5.8	18.1	-	-	5.7	31.5
Reversal of impairment of doubtful debt	-4.1	-3.7	-	-	-	-2.5	-10.3

Segmental income statement for the year ended 31 December 2007

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2007
Income							
Net premiums earned	3,965.7	1,156.4	1,360.8	-	-	-	6,483.0
Interest income	1,009.8	76.0	20.9	332.8	2.0	228.0	1,669.5
Total investment and other income (excl. interest income)	417.3	29.6	28.4	102.6	124.5	-22.9	679.4
Total income	5,392.8	1,262.0	1,410.1	435.4	126.5	205.1	8,831.9
Expenses							
Insurance and investment contract expenses	3,890.7	521.9	1,315.6	-	-	-	5,728.2
Finance costs	265.4	2.4	2.0	245.7	0.2	239.0	754.7
Other expenses	605.5	490.8	123.3	182.5	92.1	45.9	1,540.1
Total expenses	4,761.6	1,015.1	1,440.9	428.2	92.3	284.9	8,023.0
Segment results	631.2	247.0	-30.8	7.2	34.2	-79.9	809.0
Current tax							21.6
Net result after tax before minority interests							787.3
Total intercompany income	127.2	9.0	4.9	76.3	19.9	304.2	541.4
Total intercompany expenses	154.6	123.7	39.6	29.0	59.4	168.5	541.4

Other items included in the segmental income statement for the year ended 31 December 2007

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2007
Depreciation	5.9	0.0	-	7.4	0.2	7.4	21.0
Amortisation	18.7	8.1	-	3.1	-	0.8	30.7
Impairment of goodwill, AVIF and other intangible fixed assets	-	0.2	-	-	-	-	0.2
Impairment of doubtful debt	1.2	5.5	6.7	-	-	-	13.5
Reversal of impairment of doubtful debt	-1.3	-2.6	-	-	-	-6.7	-10.5

Segmental balance sheet as at 31 December							
In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2008
Assets							
Intangible assets	120.2	59.0	-	6.0	-	264.8	450.0
Investments in associates	483.4	75.0	-0.0	0.7	0.1	-362.9	196.2
Financial investments	37,627.1	2,231.7	417.1	7,912.0	-	4,415.6	52,603.5
Reinsurance assets	481.8	240.3	-	-	-	-	722.0
Current tax assets	105.1	6.7	-	27.0	-	-60.2	78.7
Other assets	6,801.7	578.2	1,062.4	449.3	66.1	154.8	9,112.5
Total assets	45,619.3	3,190.8	1,479.5	8,395.0	66.1	4,412.2	63,163.0
Total equity	3,243.4	632.8	195.0	254.6	50.1	-1,090.1	3,285.8
Liabilities							
Insurance liabilities	31,741.2	2,070.3	733.2	-	-	-	34,544.8
Other liabilities	10,634.8	487.7	551.2	8,140.4	16.1	5,502.2	25,332.4
Total liabilities	42,376.0	2,558.1	1,284.4	8,140.4	16.1	5,502.2	59,877.2
Total liabilities and equity	45,619.3	3,190.8	1,479.5	8,395.0	66.1	4,412.2	63,163.0
Capital expenditure							
Property and equipment	10.0	0.3	-	6.5	0.1	9.4	26.3
Intangible assets	32.3	-	-	2.8	-	1.5	36.5
Total investments	42.3	0.3	-	9.3	0.1	10.9	62.9

The differences between the consolidated balance sheet and the segmental balance sheet arise from the presentation of the Health segment.

The 'Other' segment includes a negative amount for investments in associates. This represents a consolidation adjustment on investments in associates held by various group companies in the life and general insurance segments.

Segmental balance sheet as at 31 December 2007

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2007
Assets							
Intangible assets	115.6	70.4	-	6.8	-	214.0	406.8
Investments in associates	491.1	68.2	-	-	-	-216.3	343.0
Financial investments	36,853.9	2,282.0	511.5	6,898.1	-	5,509.0	52,054.4
Reinsurance assets	1,065.9	216.6	-	-	-	-	1,282.5
Other assets	6,498.4	519.9	1,035.4	325.9	106.4	-256.6	8,229.4
Total assets	45,024.8	3,157.0	1,546.9	7,230.8	106.4	5,250.1	62,316.1
Total equity	4,244.2	882.9	236.2	311.9	64.1	-666.0	5,073.4
Liabilities							
Insurance liabilities	29,391.5	1,900.8	853.3	-	-	-	32,145.6
Other liabilities	11,389.1	373.3	457.4	6,918.9	42.3	5,916.2	25,097.1
Total liabilities	40,780.6	2,274.1	1,310.6	6,918.9	42.3	5,916.2	57,242.6
Total liabilities and equity	45,024.8	3,157.0	1,546.9	7,230.8	106.4	5,250.1	62,316.1
Capital expenditure							
Property and equipment	7.9	0.0	-	8.3	0.0	14.3	30.5
Intangible assets	19.5	41.5	-	5.0	-	59.8	125.9
Total investments	27.4	41.5	-	13.3	0.0	74.1	156.4

(b) Secondary reporting format - geographical segments

Delta Lloyd Group operates in three main geographical areas. These are the Netherlands, Belgium and Luxemburg, and Germany. The activities in Luxemburg were sold in 2008; see also note 3 'Discontinued operations and assets held for sale'.

Revenue by destination does not differ materially from revenue by geographical origin, as most risks are located in the countries where the contracts were written.

Geographical segments		
In millions of euros	2008	2007
Net premiums earned		
The Netherlands	6,355.2	5,685.7
Belgium and Luxembourg	520.3	400.1
Germany	453.7	397.2
Total	7,329.2	6,483.0
Total assets		
The Netherlands	46,105.7	47,671.1
Belgium and Luxembourg	11,487.0	7,970.9
Germany	5,570.5	6,671.1
Other	-0.2	3.1
Total	63,163.0	62,316.2
Capital expenditure		
The Netherlands	24.0	128.9
Belgium and Luxembourg	34.0	19.1
Germany	4.9	8.5
Total	62.9	156.4

The geographical result before tax can be broken down by segment as follows:

Geographical result before tax for the year ended 31 December							
In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2008
The Netherlands	352.8	30.7	-11.5	-104.4	12.6	-440.4	-160.3
Belgium and Luxembourg	-90.5	-5.5	-	-59.0	-	133.7	-21.3
Germany	-112.8	-	-	0.7	-	116.4	4.2
Result before tax	149.5	25.2	-11.5	-162.7	12.6	-190.3	-177.3
Result before tax from discontinued operations	-	-	27.0	-	-	-	27.0
Total	149.5	25.2	15.6	-162.7	12.6	-190.3	-204.3

Geographical result before tax for the year ended 31 December 2007							
In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2007
The Netherlands	601.8	247.0	-30.8	-7.8	34.2	-39.3	805.0
Belgium and Luxembourg	28.4	-	-	15.0	-	-39.9	3.5
Germany	1.2	-	-	0.1	-	-0.8	0.4
Other	-	-	-	-	-	-	-
Result before tax	631.4	247.0	-30.8	7.2	34.2	-80.0	809.0
Result before tax from discontinued operations	-	-	-11.9	-	-	-	-11.9
Total	631.4	247.0	-18.9	7.2	34.2	-80.0	820.8

1.1.6.5 (5) Details of income

Details of income for the year ended 31 December		
In millions of euros	2008	2007
Premiums earned		
Life	4,533.1	4,053.8
General	1,378.1	1,250.7
Gross written premiums	5,911.2	5,304.5
Premiums ceded to reinsurers	-119.6	-188.6
Net written premiums	5,791.6	5,115.9
Gross movement in provision for unearned premiums	-11.7	2.4
Reinsurers' share of movement in provision for unearned premiums	-13.2	3.9
Net movement in provision for unearned premiums	-24.9	6.2
Net premiums earned	5,766.7	5,122.2
Fee and commission income		
Fee income from investment contract business	9.6	12.8
Fund management fee income	104.5	123.3
Other fee income	193.2	114.3
Total income from reinsurance premiums	14.7	38.1
Other commission income	44.2	54.1
Total fee and commission income	366.2	342.5
Total premium and fee income	6,132.9	5,464.7
Investment income		
Interest income	1,868.8	1,653.6
Rental income	124.0	112.0
Dividends	487.0	395.5
Subtotal	2,479.8	2,161.2
Movements in the value of investments classified as held for trading	-39.9	-7.3
Movements in the value of investments classified as other than trading	-1,857.5	-927.2
Realised gains and losses on available-for-sale investments	-768.7	519.3
Result from loans and receivables	-25.2	-5.7
Result from derivatives	734.2	43.9
Other investment income	-33.5	85.9
Share of profit or loss after tax of associates	-27.8	-3.2
Total investment income	461.5	1,866.9
Other operating income	501.1	132.6
Result on disposal of subsidiaries	13.1	-
Total income	7,108.6	7,464.2

Other operating income mainly consists of the revaluation of the loan notes issued by the Arena and DARTS companies in relation to the securitised mortgage loans.

Result on outward reinsurance for the year ended 31 December

In millions of euros	2008	2007
Life	11.0	87.7
General	58.5	40.3
Total	69.4	128.1

The above amounts do not include gains recognised when reinsurance contracts are closed.

Interest income from financial assets includes € 0.5 million (2007: € 0.1 million) in accrued interest on impaired loans.

Interest income for the year ended 31 December

In millions of euros	2008	2007
Debt securities available for sale	117.1	130.5
Debt securities held for trading	8.7	8.9
Debt securities other than trading	572.6	497.3
Total debt securities	698.4	636.7
Total mortgage loans	596.2	503.0
Deposits	10.5	23.4
Issued loans	139.2	141.8
Loans to banks	70.3	26.5
Loans and advances to clients	99.9	83.3
Cash and cash equivalents	65.2	96.7
Other	189.1	142.2
Other interest income	574.2	513.9
Total interest income	1,868.8	1,653.6

Financial assets not designated at fair value through profit or loss includes interest income of € 883.4 million (2007: € 787.7 million), calculated using the effective interest rate method.

Result from derivatives for the year ended 31 December

In millions of euros	2008	2007
Movement in fair value of the hedging instrument	-82.6	-
Movement in fair value of the hedged positions	81.4	-
Amortisation of the fair value of the hedged positions	-0.7	-
Movements in fair value of derivatives held for fair value hedge accounting	-1.9	
Other derivatives	736.1	43.9
Total result from derivatives	734.2	43.9

1.1.6.6 (6) Details of expenses

Analysis of expenses in financial year		
In millions of euros	2008	2007
Claims and benefits paid		
Life	3,434.7	3,530.9
General	764.6	635.3
Total claims and benefits paid	4,199.3	4,166.2
Claim recoveries from reinsurers		
Life	-606.0	-144.4
General	-36.0	-38.3
Total claim recoveries from reinsurers	-642.1	-182.8
Net claims and benefits paid	3,557.3	3,983.4
Change in insurance liabilities, net of reinsurance		
Change in insurance liabilities	434.6	170.0
Change in reinsurance assets for insurance provisions	578.7	126.1
Total change in insurance liabilities, net of reinsurance	1,013.4	296.1
Profit sharing and discounts	84.4	133.1
Expenses relating to the acquisition of insurance and investment contracts	714.7	615.7
Expenses relating to the acquisition of other contracts	41.2	50.8
Finance costs:		
Amounts owed to credit institutions	696.1	343.8
Debenture loans	19.0	64.6
Subordinated debt	55.8	32.3
Securitised mortgages	102.6	316.4
Total finance costs	873.5	757.2
Other operating expenses		
Staff costs and other employee-related expenditures	715.0	585.0
Amortisation of intangible fixed assets	29.0	30.7
Depreciation on property and equipment	31.9	21.0
Operating expenses	557.9	409.4
Gains and losses on disposals	-0.3	-0.1
Impairment of goodwill, AVIF and other intangible fixed assets	12.1	0.2
Impairments of receivables	13.4	6.8
Reversal of impairment on receivables	-10.3	-10.5
Other expenses	16.8	19.5
Foreign exchange differences	-0.4	0.4
Allocated to expenses relating to the acquisition of insurance and investment contracts	-336.5	-255.2
Total other operating expenses	1,028.6	807.1
Total expenses	7,313.0	6,643.4

Expenses under operating leases (included in expenses) amount to € 30.6 million (2007: € 35.2 million). No contingent rents or sublease payments are included in this amount.

1.1.6.7 (7) Employee information

Number of persons (FTEs) employed by Delta Lloyd Group at the end of the reporting period		
Number in FTEs	2008	2007
Permanent staff	6,404	6,042
Temporary staff	914	934
Permanent staff deployed at operations held for sale	270	365
Temporary staff deployed at operations held for sale	166	210
Total	7,753	7,551

The increase in permanent staff numbers is explained mainly by the acquisition of Swiss Life Belgium.

Staff costs for the year ended 31 December		
In millions of euros	2008	2007
Salaries	314.1	299.8
External staff	136.7	116.0
Social security contributions	52.5	45.6
Pension and post-retirement expenses	75.1	18.0
Profit sharing and incentive plans	-11.8	29.8
Termination benefits	6.5	4.1
Other staff costs	141.9	71.8
Total	715.0	585.0

Other staff costs include € 39.3 million in travel expenses, holiday allowances and training costs (2007: € 33.5 million).

For the Phantom Option Plan as described in accounting policy AC, an amount of € 17.0 million was credited to the income statement (2007: € -19.0 million).

Staff costs		
In millions of euros	2008	2007
Expenses relating to the acquisition of insurance and investment contracts	94.6	82.2
Other operating expenses	620.3	502.8
Total	715.0	585.0

1.1.6.8 (8) Remuneration of directors

The Executive Board's remuneration consists of three components: the basic salary and the variable short-term and long-term rewards. The remuneration policy was adopted by the Remuneration Committee of the Supervisory Board.

Basic salary

Delta Lloyd Group rewards the Executive Board based on job weight (graded using the Hay method) and research in the remuneration market. According to the remuneration policy, the basic salary can be adjusted biannually on the basis of these criteria. To this end, the remuneration benchmark that Hay Management Consultants produces annually is used. The aim is to set the basic salary in such a manner that about 25% of the remuneration packages in the comparative 'peer group' are higher

than the Delta Lloyd Group package. In conformity with this method, the basic salary was increased by 5% with effect from 1 January 2008.

Short-term variable reward

The performance-related remuneration is granted on the basis of quantitative and qualitative targets that are set annually. Depending on the realisation of these targets, a variable reward is granted with a maximum of 70% of twelve monthly salaries or, if the objectives are exceeded to an exceptional degree, up to a maximum of 105%.

On the grounds of the realisation of the targets for 2007, the Supervisory Board decided upon the recommendation of the Remuneration Committee to grant the Executive Board a variable reward of 60% for 2007. This reward was paid out in 2008.

Given the situation in the financial markets and the 2008 result of Delta Lloyd Group, the Executive Board has decided to waive any variable reward for the year 2008. Directors and managers who are eligible for a variable reward scheme will also not be granted any variable reward for the year 2008.

Long-term variable reward (Delta Lloyd Phantom Option Plan)

Under the Delta Lloyd Group Phantom Option Plan, options are granted to the Executive Board. The number of options that is granted annually is a percentage of the basic salary and depends on the option price.

After three years, the percentage of the granted options (vesting percentage) that may be exercised in the next five-year period is determined.

This vesting percentage is determined on the basis of the position that Delta Lloyd Group occupies in a pre-determined peer group. The key criterion in this connection is the relative development of the embedded value over a three-year period. Only in the case of a top-five ranking will vesting or partial vesting take place by means of a decreasing vesting percentage. Vested options can be exercised over a five-year period.

The value of the options is linked to the value development of Delta Lloyd Group as measured by the embedded value.

The payment from the options of any one year is maximised at 200% of twelve monthly salaries for the Chairman of the Executive Board and at 160% for the other members of the Executive Board.

Remuneration

The table below shows the amounts paid during the financial year.

The salaries were charged to the result in 2008. The amount shown for the variable reward was charged to the result in 2007 and the payments on the phantom options had been provided for in the years to 2005.

No variable reward was granted in 2008.

The amounts charged in the financial year for remuneration to current and former Executive Board members and current and former Supervisory Board members as referred to in section 2:383c of the Netherlands Civil Code amounted to € 1.8 million (2007: € 2.6 million) and € 0.3 million (2007: € 0.3 million) respectively.

The total remuneration of the Executive Board and the Supervisory Board is shown in the tables below.

Executive Board members' salaries and bonuses		
In thousands of euros	2008	2007
N.W. (Niek) Hoek, chairman		
Salary	533.9	508.5
Variable reward prior year	262.2	262.2
Payment of Phantom options	917.8	874.1
	1,713.9	1,644.8
P.J.W.G. (Peter) Kok		
Salary	421.5	401.4
Variable reward prior year	207.0	172.5
Payment of Phantom options	579.7	552.1
	1,208.2	1,126.0
P.K. (Paul) Medendorp		
Salary	421.5	401.4
Variable reward prior year	207.0	172.5
Payment of Phantom options	579.7	552.1
	1,208.2	1,126.0
H.H. (Henk) Raué		
Salary	421.5	401.4
Variable reward prior year	207.0	124.8
Payment of Phantom options	671.9	-
	1,300.4	526.2
Total	5,430.7	4,423.0

Of loans granted to Board members, € 1.3 million was still outstanding as at 31 December 2008. No repayments were made in 2008.

Pension expenses in relation to members of the Executive Board		
In thousands of euros	Pension expenses at 31 December 2008	Pension expenses at 31 December 2007
N.W. (Niek) Hoek, chairman	78.8	110.9
P.J.W.G. (Peter) Kok	62.3	87.5
P.K. (Paul) Medendorp	62.3	87.5
H.H. (Henk) Raué	62.3	87.5
Total	265.7	373.4

Phantom Option Plan					
In number of options	At 1 January 2008	Granted	Exercised	Expired	At 31 December 2008
N.W. (Niek) Hoek, chairman	706,223	218,535	149,698	49,899	725,161
P.J.W.G. (Peter) Kok	456,184	141,157	96,698	32,233	468,410
P.K. (Paul) Medendorp	456,384	141,157	96,698	32,233	468,610
H.H.(Henk) Raué	293,327	141,157	81,878	15,211	337,395
Total	1,912,118	642,006	424,972	129,576	1,999,576

Phantom Option Plan					
In number of options	At 1 January 2007	Granted	Exercised	Expired	At 31 December 2007
N.W. (Niek) Hoek, chairman	590,284	273,165	137,573	19,653	706,223
P.J.W.G. (Peter) Kok	381,294	176,451	88,866	12,695	456,184
P.K. (Paul) Medendorp	381,294	176,451	88,666	12,695	456,384
H.H.(Henk) Raué	170,869	127,636	-	5,178	293,327
Total	1,523,741	753,703	315,105	50,221	1,912,118

In the Delta Lloyd Group Phantom Option Plan, performance units are awarded to the management. The value of the performance units is based on the development of the embedded value measured against a 'peer group' which is determined in advance. The value of € 0.0 million (2007: € 3.9 million) in respect of the Delta Lloyd Group Phantom Option Plan is included in the other provisions.

In 2008 € 2.7 million (2007 € 2.0 million) has been paid out to members of the Board via exercised Phantom options.

Remuneration of the Supervisory Board		
In thousands of euros	2008	2007
R.H.P.W. (René) Kottman, chairman ¹⁾		
Remuneration	55.0	45.0
Other	5.7	5.6
	60.7	50.6
V.A.M. (Vincent) van der Burg ⁴⁾		
Remuneration	22.5	35.0
Other	3.2	6.6
	25.7	41.6
P.G. (Pamela) Boumeester		
Remuneration	40.0	32.5
Other	3.0	2.7
	43.0	35.2
Ph.G. (Philip) Scott ^{2) 6)}		
Remuneration	-	-
Other	-	-
	-	-
M.H.M. (Marcel) Smits		
Remuneration	40.0	32.5
Other	2.7	2.7
	42.7	35.2
J. (Jan) Haars		
Remuneration	40.0	32.5
Other	3.2	3.2
	43.2	35.7
E.J. (Eric) Fischer		
Remuneration	40.0	32.5
Other	1.5	0.2
	41.5	32.7
A.J. (Andrew) Moss ^{2) 3)}		
Remuneration	-	-
Other	-	-
	-	-
J.H. (Jan) Holsboer ⁵⁾		
Remuneration	25.0	-
Other	-	-
	25.0	-
Total	281.8	231.0

1) Exclusive of remuneration of the Supervisory Board of the Delta Lloyd Banking operations

2) Unpaid Supervisory Board member

3) Appointed as of 16 May 2007

4) Resigned on 14 May 2008

5) Appointed as of 14 May 2008

6) Appointed as of 7 December 2007

No bonuses, loans or mortgages have been made to current or former Supervisory Board members.

There were no pension entitlements or option schemes to current or former members of the Supervisory Board.

1.1.6.9 (9) Tax expense

Tax charged to the income statement for the year ending 31 December		
In millions of euros	2008	2007
Tax due for immediate payment	-71.4	-132.6
Deferred taxation:		
Originating from timing differences	33.6	158.6
Changes in tax rates or tax legislation	-	2.2
Measurement of deferred tax assets	5.7	0.8
Total deferred tax	39.3	161.7
Total tax charged to income statement	-32.1	29.1

If a taxable entity has a net deferred tax liability and initially there are unrecognised tax loss carry forwards that liability is used to increase the deferred tax asset by the amount of tax relating to those losses.

Tax charged to equity for the year ended 31 December		
In millions of euros	2008	2007
Deferred tax	-121.1	-72.3
Total tax charged to equity	-121.1	-72.3

Deferred tax taken to equity pertains to tax on gains and losses on investments recognised in equity. The nominal tax rate was 25.5% in the Netherlands and 33.99% in Belgium in both 2008 and 2007. In Germany the nominal tax rate was 30.0% in 2008 and 40.0% in 2007.

The discrepancy between the effective tax rates and the nominal tax rates is explained below:

Tax charged to the income statement for the year ended 31 December		
In millions of euros	2008	2007
Result before tax	-204.3	820.8
Tax calculated at standard Netherlands corporation tax rate of 25.5%	-52.1	209.3
Changes in the applicable tax rate	-	2.2
Non-assessable dividends	-42.7	-29.6
Impairment of 5% interests in associates	120.9	-
Realised gains on 5% interests in associates	-44.5	-91.2
Recognised tax assets during the year	-5.6	-63.4
Other	-8.2	1.7
Total tax charged to income statement	-32.1	29.1

1.1.6.10 (10) Goodwill

Goodwill carrying value for the year ended 31 December		
In millions of euros	2008	2007
Gross carrying value of goodwill		
At 1 January	213.1	170.2
Additions	59.8	57.0
Other adjustments	-0.3	-10.1
Reclassified as assets held for sale	-	-3.9
At 31 December	272.7	213.1
Accumulated impairment		
At 1 January	-7.7	-7.7
Impairment losses	-4.1	-
At 31 December	-11.8	-7.7
Net carrying value of goodwill at 31 December	260.9	205.4

Goodwill allocation and impairment testing

For impairment testing purposes, goodwill is allocated to cash-generating units by division and business segment.

A summary of goodwill allocated to cash generating units is presented below								
In millions of euros	Delta Lloyd ABN AMRO Verzekeringen Holding BV	Delta Lloyd Bankengroep NV	Participatie & Financierings- maatschappij Delta Lloyd BV	Delta Lloyd Schade- verzekering NV	Swiss Life Belgium NV	Cyrte Investments BV	Eurolloyd Verzekeringen NV	Total
Carrying value of goodwill	127.3	15.0	0.4	2.4	59.8	55.4	0.7	260.9

As explained in accounting policy O, the carrying value of goodwill is reviewed at least annually or when circumstances or events indicate there may be uncertainty concerning the value. For the purpose of the impairment test, assets were grouped at the lowest level for which there are separately identifiable cash flows. The outcome of the test has led to an impairment of goodwill of € 4.1 million (2007: € 0.0 million).

Additions totalled € 59.8 million in 2008 and included the acquisition of Swiss Life Belgium NV. The goodwill figure may be adjusted once the value measurements have been finalised. In 2008, the definitive goodwill figure for Cyrte investments led to a downward adjustment of € -0.3 million. This is reported in the segment Other. Delta Lloyd Group has not recognised goodwill on discontinued operations.

1.1.6.11 (11) AVIF and other intangible assets

AVIF and other intangible fixed assets				
In millions of euros	AVIF	Software	Other	Total
Cost price				
At 1 January 2007	74.5	116.9	123.0	314.4
Additions	8.6	14.3	44.1	67.0
Disposals	-	-11.1	-0.0	-11.1
Other adjustments	-2.1	-0.1	-1.1	-3.3
At 31 December 2007	81.0	120.1	166.0	367.1
Additions	26.3	8.9	1.0	36.3
Disposals	-	-10.4	-0.2	-10.7
Other adjustments	-	-4.1	-	-4.1
At 31 December 2008	107.3	114.4	166.8	388.6
Accumulated amortisation				
At 1 January 2007	-29.8	-74.0	-34.2	-137.9
Amortisation for the year	-7.7	-12.1	-10.8	-30.7
Disposals	-	2.0	-	2.0
Other adjustments	-	0.0	0.6	0.6
At 31 December 2007	-37.5	-84.0	-44.4	-166.0
Amortisation for the year	-5.6	-8.7	-14.4	-28.8
Disposals	-	4.8	0.2	5.0
Other adjustments	-	3.2	-	3.2
At 31 December 2008	-43.2	-84.7	-58.6	-186.5
Accumulated impairment				
At 1 January 2007	-	-5.3	-	-5.3
Impairment losses recognised	-	-	-0.2	-0.2
At 31 December 2007	-	-5.3	-0.2	-5.4
Impairment losses recognised	-2.1	-5.8	-	-7.9
Disposals	-	0.5	-	0.5
At 31 December 2008	-2.1	-10.6	-0.2	-12.9
Carrying value				
At 1 January 2007	44.7	37.7	88.9	171.2
At 31 December 2007	43.4	30.8	121.4	195.6
At 31 December 2008	62.0	19.1	108.0	189.1

Software purchases included € 4.6 million (2007: € 8.8 million) for internally generated software. € 4.3 million (2007: € 6.1 million) were purchased software.

The category “other” consists mainly of € 105.5 million (2007: € 119.0 million) relating to distribution channels obtained on of the acquisition of ABN AMRO Verzekeringen, Erasmus Verzekeringen and Euroloyd Verzekeringen; these are being amortised over 20 to 30 years.

The acquired value in-force (AVIF) relates to the portfolio value of the acquired net assets of ABN AMRO Insurance, Erasmus Insurance and Swiss Life Belgium NV. This value is amortised on a straight line basis, over a period of 10 to 15 years. The remaining amortisation period at year-end 2008 for acquired AVIF relating to these portfolios is 9, 14 and 15 years respectively. The impairment charge of € 5,8 million relates to Alis, a software package used by Delta Lloyd Life which has been written off; it will be replaced by a new package.

1.1.6.12 (12) Property and equipment

Property and equipment as at 31 December							
In millions of euros	Property under con- struction	Owner- occupied property	Total property	Motor vehicles	Computer equipment	Other equipment	Total
Cost price							
At 1 January 2007	33.3	231.1	264.4	1.3	48.7	128.3	442.6
Additions	14.0	3.0	17.0	0.1	6.9	6.4	30.5
Changes within Group	-	8.3	8.3	0.8	0.8	2.9	12.8
Disposals	-	-1.0	-1.0	-0.2	-6.1	-4.0	-11.3
Transfers to / from investment property	-23.6	-	-23.6	-	-	-	-23.6
Other adjustments	-	-0.0	-0.0	-	-	23.5	23.5
Reclassified as assets held for sale	-	-62.9	-62.9				-62.9
At 31 December 2007	23.7	178.4	202.1	2.0	50.3	157.1	411.6
Additions	4.4	6.5	10.9	-	3.9	11.5	26.3
Changes within Group	-	22.1	22.1	0.0	-0.5	1.3	22.9
Disposals	-10.3	-0.8	-11.1	-1.0	-0.7	-5.9	-18.9
Other adjustments	-	-	-	-	-	-0.2	-0.2
Transfer from/to assets held for sale	-	59.0	59.0				59.0
At 31 December 2008	17.8	265.2	283.0	1.0	53.0	163.7	500.7
Depreciation							
At 1 January 2007	-	-42.7	-42.7	-1.3	-36.8	-100.6	-181.4
Charge for the year	-	-6.0	-6.0	-0.1	-4.5	-10.2	-20.9
Disposals	-	0.3	0.3	0.1	6.1	2.3	8.9
Other adjustments	-	0.1	0.1	-	-2.2	0.4	-1.7
Reclassified as assets held for sale	-	9.9	9.9	-		-	9.9
At 31 December 2007	-	-38.4	-38.4	-1.3	-37.4	-108.1	-185.2
Charge for the year	-	-18.3	-18.3	-0.1	-4.7	-8.8	-31.8
Changes in group	-	-	-	-0.0	0.4	0.2	0.6
Disposals	-	0.3	0.3	0.4	0.7	4.9	6.2
Other adjustments	-	-	-	-	-1.8	-2.6	-4.3
Transfer from/to assets held for sale	-	-8.8	-8.8			-	-8.8
At 31 December 2008	-	-65.1	-65.1	-1.0	-42.8	-114.4	-223.3
Impairment							
At 1 January 2007	-	-14.8	-14.8	-	-	-0.2	-15.0
Disposals	-	-	-	-	-	0.2	0.2
Reclassified as assets held for sale		13.6	13.6				13.6
At 31 December 2007	-	-1.2	-1.2	-	-	-	-1.2
Transfer from/to assets held for sale		-13.6	-13.6				-13.6
At 31 December 2008	-	-14.8	-14.8	-	-	-	-14.8
Carrying value							
At 1 January 2007	33.3	173.7	206.9	-	11.9	27.5	246.3
At 31 December 2007	23.7	138.9	162.6	0.8	12.9	49.0	225.2
At 31 December 2008	17.8	185.3	203.0	-	10.3	49.3	262.6

Delta Lloyd Group has no material finance leases, nor has it leased property and equipment to third parties under operating leases.

1.1.6.13 (13) Investment property

Investment property as at 31 December				
In millions of euros	Freeholds	Investment property - long-term lease contracts	Investment property - short-term lease contracts	Total
Cost price				
At 1 January 2007	1,430.5	26.7	23.1	1,480.3
Additions	77.0	22.8	21.5	121.3
Changes in group	1.7	-	-	1.7
Disposals	-64.0	-	-11.7	-75.7
Transfers to / from investment property	-	-	23.6	23.6
Other adjustments	-1.1	-	-	-1.1
At 31 December 2007	1,444.1	49.5	56.4	1,550.0
At 1 January 2008	1,444.1	49.5	56.4	1,550.0
Additions	171.2	0.8	0.7	172.8
Changes in group	96.0	-	-	96.0
Disposals	-27.8	-0.9	-	-28.8
At 31 December 2008	1,683.4	49.5	57.1	1,790.0
Revaluation				
At 1 January 2007	537.3	6.2	1.5	544.9
Fair value gains and losses	76.9	-0.5	-1.0	75.4
Changes in group	1.0	-	-	1.0
Disposals	-5.1	-0.0	-0.0	-5.1
Other adjustments	1.3	-	0.6	1.9
At 31 December 2007	611.3	5.7	1.1	618.1
At 1 January 2008	611.3	5.7	1.1	618.1
Fair value gains and losses	-32.4	-4.1	-1.3	-37.8
Changes in group	5.9	-	-	5.9
Disposals	-9.7	-	-	-9.7
At 31 December 2008	575.2	1.6	-0.2	576.6
Carrying value				
At 1 January 2007	1,967.8	32.9	24.6	2,025.2
At 31 December 2007	2,055.4	55.2	57.5	2,168.1
At 31 December 2008	2,258.6	51.0	56.9	2,366.5

Investment properties are stated at their fair values as assessed by qualified external valuers or by local qualified staff of Delta Lloyd Group as described in accounting policy Q. Future rental income under non-terminable rental contracts is estimated at € 237.3 million (2007: € 250.8 million). Of this amount, € 46.7 million (2007: € 52.4 million) is due within one year, € 148.1 million between one and five years, and the balance of € 42.5 after five years (2007: € 149.1 million and € 49.3 million respectively).

Direct operating expenses (including repairs and maintenance) amounted to € 18.2 million (2007: € 18.0 million). Of this amount, approximately € 0.5 million (2007: € 0.7 million) relates to expenditure on investment properties that did not generate rental income during the reporting period.

1.1.6.14 (14) Associates

Investments in associates as at 31 December		
In millions of euros	2008	2007
Carrying value		
At 1 January	340.3	39.4
Additions	-	1.8
New equity capital	4.2	306.7
Disposals	-15.3	-6.1
Share of result after tax	-27.8	-3.2
Dividends received	-	-0.5
Fair value gains and losses through equity	-101.4	5.0
Impairment	-6.5	-
Other adjustments	0.1	-0.1
Reclassified as assets held for sale	-	-2.7
At 31 December	193.6	340.3

The following capital contributions were made during 2008: a contribution of € 3.1 million to Lancyr Group BV and € 1.1 million to Meetingpoint BV. The interests in Credimo NV and Group Eurasca NV were sold on 31 January 2008. These transactions yielded a book profit of € 1.6 million. The interest in ArboNed BV was also sold, realising a book profit of € 4.5 million. The fair value loss relates to the interest in the Cyrte Funds. Impairment of € 6.5 million was recognised on the interest in Lancyr Groep BV. Delta Lloyd is currently seeking a market party to transfer the activities of Lancyr in the short term.

The Group's interests in its principal associates					
In millions of euros (unless indicated otherwise)	Assets	Liabilities	Income	Result	Proportion
Cyrte Fund I CV	754.8	754.8	645.2	-653.1	10.82%
Cyrte Fund II BV	317.4	0.0	149.9	-150.0	10.48%
Cyrte Fund III CV	476.0	476.0	260.5	-268.8	13.99%
At 31 December 2008	1,548.2	1,230.8	1,055.6	-1,071.9	
Credimo NV, Belgium	814.9	766.7	125.1	3.2	31.50%
Cyrte Fund I CV	1,410.8	1,410.8	41.3	36.5	11.11%
Cyrte Fund II BV	467.5	0.0	0.2	0.1	16.00%
Cyrte Fund III CV	782.0	782.0	30.4	30.0	17.91%
At 31 December 2007	3,475.2	2,959.5	197.0	69.8	

The figures are based on the most recent information made available to Delta Lloyd Group. Individual investments in other participating interests are not considered material.

Because Delta Lloyd Group has a direct interest in the Cyrte Funds and can exert, through its 85% interest in Cyrte Investments BV, significant influence over Cyrte Fund I, II and III, these funds are classified as associates.

At 31 December 2008, Delta Lloyd Group held a 30.1% interest in Van Lanschot NV. Generally, when holding an interest exceeding 20%, it is assumed that significant influence is exercised on the financial and operating policy of the entity. Delta Lloyd Group, however, is unable to exercise its influence at Van Lanschot and has recognised its interest as an equity investment and not as an associate.

1.1.6.15 (15) Financial investments

Financial investments comprise:

In millions of euros	2008	2007
Debt securities	18,512.1	18,601.3
Equity securities	13,725.4	14,276.6
Derivatives held for fair value hedge accounting	1,363.9	305.7
Loans at fair value through profit or loss	6,102.6	5,898.3
Other loans and receivables	12,490.2	11,979.8
Total financial investments	52,194.1	51,061.7

Financial investments in debt securities as at 31 December

In millions of euros	2008	2007
Debt securities		
Available for sale	2,585.9	3,060.7
Other than trading	15,868.5	15,354.8
Trading	57.6	185.8
Total debt securities	18,512.1	18,601.3

Financial investments in equity securities as at 31 December

In millions of euros	2008	2007
Equity securities		
Available for sale	5,851.9	5,370.1
Other than trading	7,864.6	8,892.1
Trading	8.9	14.4
Total equity securities	13,725.4	14,276.6

Cost/amortised cost, gross unrealised gains and losses and fair value of loans and receivables as at 31 December

In millions of euros	Impaired cost / amortised cost	Difference in value	Fair value 2008
Other loans and receivables	12,490.2	361.9	12,852.0

Cost/amortised cost, gross unrealised gains and losses and fair value of loans and receivables as at 31 December

In millions of euros	Impaired cost / amortised cost	Difference in value	Fair value 2007
Other loans and receivables	11,979.8	-177.4	11,802.4

Fair value of investments by category as at 31 December

In millions of euros	Included in the balance sheet at amortised cost	Recognised at fair value through profit and loss trading	Recognised at fair value through profit and loss other than trading	Available for sale	Total 2008
Debt securities	-	57.6	15,868.5	2,585.9	18,512.1
Equity securities	-	8.9	7,864.6	5,851.9	13,725.4
Derivatives	-	1,363.9	-	-	1,363.9
Loans at fair value through profit or loss	-	-	6,102.6	-	6,102.6
Other loans and receivables	12,852.0	-	-	-	12,852.0
At 31 December 2008	12,852.0	1,430.4	29,835.7	8,437.8	52,556.0

Fair value of investments by category as at 31 December 2007

In millions of euros	Included in the balance sheet at amortised cost	Recognised at fair value through profit and loss trading	Recognised at fair value through profit and loss other than trading	Available for sale	Total 2007
Debt securities	-	185.8	15,354.8	3,060.7	18,601.3
Equity securities	-	14.4	8,892.1	5,370.1	14,276.6
Derivatives	-	305.7	-	-	305.7
Loans at fair value through profit or loss	-	-	5,898.3	-	5,898.3
Other loans and receivables	11,802.4	-	-	-	11,802.4
At 31 December 2007	11,802.4	505.9	30,145.2	8,430.8	50,884.3

The item loans at fair value through profit or loss includes € 5,764.6 million (2007: € 5,628.5 million) in mortgage loans.

Closing prices provided by Bloomberg or alternate reputable data providers are used as input of determining fair value.

The mortgage loans recognised at fair value through profit or loss consist mainly of first mortgages. Second mortgages are only granted where the first mortgage loan has been issued by Delta Lloyd Group. Virtually all mortgages relate to residential property. 60.8% (2007: 56.2%) of the mortgages granted have a loan-to-value ratio that is less than 90% or have been guaranteed through the National Mortgage Guarantee scheme. No mortgage loans have been granted with a loan-to-value ratio of more than 125% without additional collateral being pledged by the applicant. No derivative instruments were contracted to mitigate any credit risk; it is felt that hedging is not required given the relatively small credit risk exposure.

Certain unit-linked products have been classified as investment contracts, while some are included within the definition of an insurance contract. The assets backing these unit-linked liabilities are included within the relevant categories in the consolidated balance sheet, and form part of the liability for investment contracts disclosed in note 25.

To hedge the fair value risk of financial assets owing to market interest rate movements, Delta Lloyd Group uses derivatives as part of its asset and liability management. With effect from October 2008, fair value hedge accounting is applied to part of the hedged financial assets, provided these assets have been designated as such and the conditions for hedge accounting as referred to in accounting

policy U have been met. These derivatives are recognised in the investment category 'Assets at fair value through profit or loss not held for trading'. Derivatives that do not meet these conditions are recognised under 'Derivatives not held for fair value hedge accounting' and classified in the investment category 'Assets at fair value through profit or loss held for trading'.

In the financial year 2008, Delta Lloyd Group recorded a loss amounting to € 82.6 million on the derivatives held for fair value hedge accounting. The profit on the hedged mortgages, where this stemmed from the hedged interest rate risk, amounted to € 81.4 million.

Fair value hedge accounting is only applied in the banking division.

The carrying value of financial investments in relation to unit-linked liabilities is as follows		
In millions of euros	2008	2007
Debt securities	2,095.5	4,953.0
Equity securities	6,864.9	7,763.9
Loans	108.5	103.5
Deposits	1.2	1.1
Reinsurance assets	19.6	18.8
Total	9,089.7	12,840.2
The associated liabilities are:		
Unit-linked contracts classified as insurance contracts	9,998.3	10,444.6
Unit-linked contracts classified as investment contracts	189.7	61.9
Third-party interests in investment funds	522.2	1,337.2
Total	10,710.1	11,843.7

In the table above a further breakdown is made to more properly reflect the nature of the various financial investments. The liabilities in relation to unit-linked investments are adjusted to the elimination of the pension obligations as explained in note 29. Including these pension obligations, the liabilities would be higher as presented. Any surplus on pension obligations serves to cover guaranteed contracts.

Accumulated impairment charges on AFS debt securities as at 31 December		
In millions of euros	2008	2007
At 1 January	0.7	-
Impairment charges during the year	15.7	0.7
At 31 December	16.4	0.7

Accumulated impairment charges on AFS equity securities as at 31 December		
In millions of euros	2008	2007
At 1 January	336.3	366.8
Impairment charges during the year	913.1	59.5
Disposals	-81.8	-90.0
At 31 December	1,167.7	336.3

Cumulative impairments on loans and receivables as at 31 December		
In millions of euros	2008	2007
At 1 January	70.1	59.3
Impairment charges during the year	40.0	22.2
Reversal of impairment charges during the year	-9.8	-7.5
Disposals	-4.5	-3.9
Other	-0.1	-
At 31 December	95.6	70.1

The impairment charge recognised on a number of loans held by the banking division amounted to € 12.1 million (2007: € 8.5 million). Reversed impairment charges relate to loans held by the banking division in an amount of € 7.4 million (2007: € 7.5 million).

The loans on which individual impairment was recognised had a gross value before this impairment of € 69.9 million. The impairment recognised on these loans was € 45.4 million. The value of the collateral relating to these loans was € 24.4 million. The collateral consists mainly of mortgaged properties.

Almost no accrued interest is recognised on financial assets subject to individual impairment.

The conditions governing financial assets that would otherwise have matured or been impaired were not renegotiated.

Securities lending

During the year, Delta Lloyd Group entered into agreements on lending securities from the Group's various investment portfolios. Securities lending agreements were entered into with Natixis SA and KBC Bank NV. No other securities lending arrangements were in effect at the balance sheet date.

The repurchase agreement includes € 396.2 million (2007: 0.0) of debt securities and other fixed income securities. The obligations under these agreements are recognised as 'Financial liabilities' (see note 31).

1.1.6.16 (16) Loans and receivables

Other loans and receivables at 31 December		
In millions of euros	2008	2007
Loans to policyholders	177.5	148.2
Loans to banks	233.8	469.3
Loans and advances to clients and intermediaries	77.2	125.1
Issued loans	4,592.0	4,464.7
Total loans and advances	5,080.5	5,207.3
Securitised mortgage loans	2,339.8	2,601.2
Non-securitised mortgage loans	5,069.8	4,171.4
Total mortgage loans	7,409.6	6,772.5
Total loans and receivables	12,490.2	11,979.8

In 2008, the movement in the balance sheet value as a result of hedge accounting after amortisation was € 54.1 million for ordinary mortgages, € 18.0 million for securitised mortgages and € 8.6 million for other loans, making a total of € 80.7 million. No hedge accounting was applied in 2007.

Maturity analysis of other loans and receivables		
In millions of euros	2008	2007
Less than one year	3,719.4	3,249.8
More than one year	8,770.7	8,730.0
Total	12,490.2	11,979.8

1.1.6.17 (17) Securitised mortgages and related assets

In three subsidiaries in the Netherlands and Belgium, Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Belgium, the benefits from eleven portfolios of residential mortgage-backed securities (RMBS) have been transferred to ten special purpose vehicles ('SPVs'), Arena 2000-I BV, Arena 2002-I BV, Arena 2003-I BV, Arena 2004-I BV, Arena 2004-II BV, Arena 2005-I BV, Arena 2006-I BV, B-Arena NV/SA, Arena 2007-I BV and DARTS Finance BV ('the securitisation companies or SPVs'), which were funded primarily through the issue of notes.

All the shares in the securitisation companies are held by independent entities, respectively Stichting Security Trustee Arena 2000-I, Security Trustee Arena 2002-I, Stichting Security Trustee Arena 2003-I, Stichting Security Trustee Arena 2004-I, Stichting Security Trustee Arena 2004-II, Stichting Security Trustee Arena 2005-I, Stichting Security Trustee Arena 2006-I, B-Arena NV/SA, Stichting Security Trustee Arena 2007-I and Stichting Trustee DARTS Finance. Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Belgium do not own, directly or indirectly, any of the share capital of the securitisation companies or their parent companies. Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Belgium have no right, nor obligation, to repurchase the benefit of any of the securitised mortgage loans before the optional call-date, other than in certain circumstances where they are in breach of warranty.

In 2008, Delta Lloyd Group transferred mortgage portfolios to Arena 2007-I BV only. At 31 December 2008, Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Nederland held notes in the securitisation companies, which are repayable at various dates between 2037 and 2062. The fair value of these notes amounts to € 1,011.8 million (2007: € 502.7 million). The notes were eliminated in the consolidated balance sheet.

Amstelhuys and Delta Lloyd Bank Belgium receive interest from the securitisation companies for the subordinated loans they have provided. Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Belgium have entered into interest rate swaps with ABN AMRO Bank to hedge the interest payment flows for the SPVs.

The effect of the swaps is that the securitisation companies convert all or part of the interest flows receivable from customers in respect of the securitised mortgage loans into interest flows, which are designed substantially to match the interest payable to the noteholders.

In all of the above transactions, Delta Lloyd Group and its subsidiaries are not obliged to support any losses that may be suffered by the noteholders and do not intend to provide such support. Additionally, the notes were issued on the basis that noteholders are only entitled to obtain payment, of both principal and interest, to the extent that the available resources of the respective special purpose securitisation companies, including funds due from customers in respect of the securitised loans, are sufficient and that noteholders have no recourse whatsoever to other Delta Lloyd Group companies. Total mortgage assets in the above securitisation companies were € 7,445.2 million at 31 December 2008 (2007: € 7,652.0 million). Apart from the administration fees payable to other Group undertakings, described above, there are no other material gains or losses in these companies.

1.1.6.18 (18) Receivables and other financial assets

Receivables and other financial assets as at 31 December		
In millions of euros	2008	2007
Amounts owed by contract holders	502.1	1,380.0
Amounts owed by intermediaries	84.7	82.2
Deposits with ceding undertakings	168.4	146.8
Amounts owed by others	510.6	554.9
Other financial assets	772.5	857.1
Total	2,038.3	3,021.0
Expected to be settled within one year	1,997.7	2,978.4
Expected to be settled in more than one year	40.6	42.6
Total	2,038.3	3,021.0

Concentrations of credit risk with respect to receivables are limited due to the size and spread of Delta Lloyd Group's trading base. Impairment is recognised when it is expected that the full amount of the receivables cannot be realised.

1.1.6.19 (19) Capitalised acquisition costs and inventory of real estate projects

Capitalised acquisition costs and inventory of real estate projects during the reporting period					
In millions of euros	Life	General	Other	Total 2008	Total 2007
Participating insurance contracts	26.8	-	-	26.8	14.7
Non-participating insurance contracts	103.1	80.6	-	183.8	187.2
Investment contracts	21.6	-	-	21.6	6.1
Capitalised acquisition costs	151.5	80.6	-	232.1	207.9
Inventory of real estate projects	0.3	-	98.5	98.8	83.7
Capitalised acquisitions costs and inventory real estate projects	151.9	80.6	98.5	330.9	291.6

Inventory real estate projects includes property under construction held for sale in an amount of € 97.2 miljoen (2007: € 82.3 million).

This item mainly comprises real estate property developed by Delta Lloyd Group companies. As these properties are not intended to be rented out to third parties or occupied by Delta Lloyd Group but are to be sold on the market, these are not included in the investment property or property and equipment. The item 'inventory real estate projects' includes assets of € 20.7 million that are expected to be sold within one year following the balance sheet date (2007: € 1.4 million).

Movement in capitalised acquisition costs during the reporting period		
In millions of euros	2008	2007
At 1 January	207.9	205.9
Capitalised acquisition costs	286.4	233.2
Amortisation	-287.6	-246.2
Changes in group	25.4	14.9
Other adjustments	-	0.2
At 31 December	232.1	207.9

1.1.6.20 (20) Share capital

Details of the company's ordinary and preference share capital are as follows:

Share capital for the year ended 31 December		
In millions of euros	2008	2007
Authorised share capital of the company at 31 December		
50,000,000 ordinary shares with a face value of € 1.00 each (2007: 5,000,000 at € 9.08 each)	50.0	45.4
15,000,000 convertible preference shares A with a face value of € 1.00 each (2007: 1,500,000 at € 9.08 each).	15.0	13.6
1,700,000 convertible preference shares B with a face value of € 50.00 each (2007: 170,000 at € 453.78 each).	85.0	77.1
	150.0	136.1
Issued share capital of the company as at 31 December		
29,949,531 ordinary shares with a face value of € 1.00 each (2007: 3,300,004 at € 9.08 each).	29.9	29.9
1,542,853 preferent shares B with a face value of € 50.00 (2007: 170,000 shares at € 453.78 each).	77.1	77.1
	107.1	107.1
The 9,312,360 issued convertible preference shares A (2007: 1,024,000 at € 9.08 each) with a face value of € 1.00 each are reported as convertible loan	9.3	9.3

Ordinary shares in issue in the Company rank equally. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

As from the time Delta Lloyd NV ordinary shares are listed on an official stock exchange, the convertible preference A shares may be exchanged for Delta Lloyd NV ordinary shares on a one-for-one basis, subject to an additional payment of €1,730.42 per converted share. As far as possible, this additional payment will be set off against the balance of the undated subordinated convertible loan. The conversion price will be adjusted upon the issue of Delta Lloyd NV ordinary shares in the event of a Delta Lloyd NV restructuring its share capital, or in the event of the Delta Lloyd NV ordinary shares being split into ordinary shares of a lower face value.

1.1.6.21 (21) Revaluation reserves

Revaluation reserves in relation to assets classified as available for sale as at 31 December	
In millions of euros	
At 1 January 2007	1,505.4
Gross fair value gains and losses arising in period	239.5
Transfer of available-for-sale equity relating to DPF contracts to provisions	-13.2
Net fair value gains and losses arising in period	226.3
Fair value gains and losses transferred to income on disposal	-519.3
Foreign exchange differences	-1.2
Aggregate tax effect	72.3
Revaluation reserve of assets held for sale	-5.4
At 31 December 2007	1,278.1
At 1 January 2008	1,278.1
Revaluation reserve of assets held for sale	5.4
At 1 January 2008	1,283.5
Gross fair value gains and losses arising in period	-2,316.2
Transfer of available-for-sale equity relating to DPF contracts to provisions	-8.5
Net fair value gains and losses arising in period	-2,324.7
Fair value gains and losses transferred to income on disposal	769.3
Foreign exchange differences	2.8
Disposal of associates	1.1
Aggregate tax effect	121.1
Revaluation reserve of assets held for sale	3.7
At 31 December 2008	-143.3

1.1.6.22 (22) Retained earnings

Retained earnings for the year ended 31 December		
In millions of euros	2008	2007
At 1 January	3,353.6	2,782.6
Net result	-160.8	744.9
Dividends	-226.4	-173.9
At 31 December	2,966.4	3,353.6

Of the shareholders' equity, € 528.5 million is available for distribution (2007: € 534.2 million). In 2008 a dividend of € 226.4 million was paid.

In accordance with Article 35 of the Articles of Association, it has been decided not to pay out dividend for 2008 (2007: € 226.4 million). In 2007, the distribution amounted to € 67.88 per ordinary share with a face value of € 9.08, and to € 18.02 per preference B share with a face value of € 453.78

1.1.6.23 (23) Insurance provisions

Insurance liabilities as at 31 December			
In millions of euros	Life	General	Total 2008
Participating contracts	12,383.7	-	12,383.7
Unit-linked non-participating contracts	9,998.4	-	9,998.4
Other non-participating contracts	9,359.1	-	9,359.1
Outstanding claims provisions	-	1,111.8	1,111.8
Provision for claims handling expenses	-	78.4	78.4
Provision for claims incurred but not reported	-	480.6	480.6
Provision for unearned premiums	-	396.4	396.4
Provision for unexpired risks	-	3.0	3.0
Total	31,741.2	2,070.3	33,811.5

Insurance liabilities as at 31 December			
In millions of euros	Life	General	Total 2007
Participating contracts	10,953.5	-	10,953.5
Unit-linked non-participating contracts	10,444.0	-	10,444.0
Other non-participating contracts	7,993.8	-	7,993.8
Outstanding claims provisions	-	1,009.9	1,009.9
Provision for claims handling expenses	-	72.4	72.4
Provision for claims incurred but not reported	-	442.5	442.5
Provision for unearned premiums	-	371.4	371.4
Provision for unexpired risks	-	2.2	2.2
Other technical provisions	-	2.4	2.4
Total	29,391.3	1,900.8	31,292.1

Life insurance business

Business description

Delta Lloyd Group underwrites life insurance as follows:

In the Netherlands, the balance of profits, after providing appropriate returns for policyholders, accrues for the benefit of the shareholders. The basis for determining returns for policyholders is consistent with methods and criteria applied generally in the Netherlands. In addition, unit-linked insurance contracts provide benefits which are determined by investment performance, subject to certain guarantees. With this type of contract, shareholders' profits are derived largely from management fees.

Methodology

There are two main methods of actuarial valuation of liabilities arising under life insurance contracts - the net premium method and the gross premium method - both of which involve the discounting of expected premiums and benefit payments.

Under the net premium method, the premium taken into account in calculating the provision is determined actuarially, based on the principles regarding 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, and so no assumption is required for persistency. Explicit provision is made for vested

bonuses, including those vesting contractually following the most recent fund valuation. No such explicit provision is made for the majority of future regular or terminal bonuses. The gross premium method uses the amount of contractual premiums payable and includes explicit assumptions for interest and discount rates, mortality and morbidity, early termination of the contract by the policyholder and future expenses. These assumptions can vary by contract type and reflect existing empirical data and future developments. Explicit provision is made for vested bonuses and expected future regular bonuses but not for terminal bonuses.

Group practice

Delta Lloyd Group generally uses the net premium method. For certain types of products an additional provision is added for future costs of rendering contracts paid-up or relating to voluntary early termination.

Provisions are determined according to applicable actuarial principles and statutory regulations. For the majority of traditional life insurance contracts in the Netherlands the provisions are calculated using market interest rates.

Life insurance business provisions are calculated separately for each life operation of Delta Lloyd Group.

The valuation principles used within Delta Lloyd Group to calculate provisions vary per division. Provisions are most sensitive to assumptions regarding discount rates and mortality rates. For participating contracts, bonuses paid during the year are reflected in claims paid, whilst those allocated as part of the bonus declaration are included in the movements in the life insurance business provision. Provision is also made for unearned premiums, outstanding payments, and other technical provisions. These principles are described in detail below.

In general, Delta Lloyd Group's divisions carry out a deterministic liability adequacy test, using current estimates of future cash flows under insurance contracts (only the time value of options and guarantees is determined stochastically). The future cash flows to be considered include all contractual cash flows such as claims handling costs, as well as cash flows resulting from options and guarantees. The liability adequacy test is carried out at least twice yearly, at the year-end and half-year reporting dates. The test meets IFRS requirements, and is applied uniformly within Delta Lloyd Group.

Life insurance business provisions where the insurer carries the investment risk

The provisions for traditional life insurance contracts are calculated in accordance with a prudent prospective actuarial method, based on the valuation assumptions regarding discount rates and mortality, taking into account the premiums to be received in the future and all the future liabilities under the conditions of each current insurance contract. A net premium method is used. In addition, provision is also made for future maintenance expenses. Provisions are held for administrative costs for the following types of business:

- Individual contracts - all single premium and paid-up policies;
- Regular premium savings mortgage ("Spaarhypotheek") contracts;
- All group contracts.

Provisions are also made for the longevity risk associated with certain types of individual and group life insurance as the original life expectancy assumptions are no longer valid. For the Dutch life insurance operations of Delta Lloyd Group, liabilities under self-administered non-linked life insurance contracts are valued on the basis of the relevant yield curve. In 2007, the swap curve was applied. The definition of the yield curve has been tightened and set at the maximum of the swap curve and the collateralised corporate AAA curve (= DLG curve). As a result of using the DLG

curve, the provision for the Life insurance liabilities is Eur 1.746m below the level applicable when using the swap curve.

The portfolios administered externally and the additional provisions for non-unit-linked liabilities are not calculated using market rates. In total 96.5% (2007: 93.2%) of the non-linked liabilities in the Netherlands are calculated using market rates. This amounts to € 14,489 million out of a total non-linked insurance liability of € 15,014 million in the Netherlands (2007: € 12,742 million out of a total of € 13,671 million).

Life insurance business provisions where the policyholder carries the investment risk

Unit-linked contracts and separated funds, which are classified as insurance contracts, are valued on the basis of the same principles as those used for the valuation of the investments on behalf of policyholders in relation to which they are held. 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.

Transparency around unit-linked insurance

The public debate that started in 2007 on the lack of transparency concerning unit-linked insurance products continued. Criticism mainly concerned the cost and commission structure. The immediate cause of this debate was the publication of the conclusions of an exploratory survey of the unit-linked insurance market. This survey, which was conducted by the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten / AFM), served to prepare the AFM for its regulatory role. A limited number of customers, some acting through the Verliespolis Foundation, informed Delta Lloyd Group that from their perspective the product offered by Delta Lloyd Group no longer meets the transparency requirements that they have formulated.

In 2008, Delta Lloyd reached agreement on the use of standardised charges for unit-linked insurance. Policyholders can receive compensation based on these standardised charges either on the policy's expiry date or at the time the policy is ended early. A supplementary provision was formed in 2008 for part of this compensation. The valuation of the cost of this compensation scheme in the financial statements is based on the detailed arrangements that are currently being assessed by the activist consumer groups. The cost has been set at the present value of the estimated compensation that will be paid on each of the eligible policies on its expiry date. Part of this cost (related to surrender payments) has been recognised in the result. The remainder is within the adequacy margin of the provisions.

Provision for outstanding payments

Provision is made at the end of the accounting period for the estimated ultimate cost of all payments not settled at that date after the deduction of amounts already paid, whether arising from events (surrender, maturity, death) occurring during the period or earlier periods. This provision will include outstanding payments in respect of both linked and non-linked business. This provision is determined by means of:

- an estimate of payments still to be settled at the end of the financial year,
- including claims incurred but not reported (IBNR),
- increased by internal and external claim settling costs still to be paid.

To assess claims outstanding, individual claim files and policy terms and conditions are reviewed. The claim amounts are estimated on a prudent basis.

The provision for disability insurance equals the discounted value of the expected claims payments (account is taken of terms, waiting periods as well as recovery chances and mortality rates).

Provision for unearned premiums

This provision equals the proportion of premiums written that relate to the period of risk after the reporting date and is included in the actuarial provisions.

Provision bonuses and rebates

The provision relates to the bonus declarations over the current book year and arises mainly on group life contracts in Germany. Bonus amounts are determined on the basis of estimated interest profits based on underlying policy terms and conditions.

Assumptions**(i) Netherlands**

Valuation discount rates for the year ended 31 December		
	Valuation discount rates in 2008 and 2007	Mortality tables used in 2008 and 2007
Life	DLG-curve, or 3.0% - 4.0%	GBM 61-65, GBM 71-75, GBM/V 76-80, GBM 80-85, GBM/V 85-90 and GBM/V 90-95
Annuities in deferment and in payment	DLG-curve, 3.0% - 4.0% or policy related rates	GBM/V 76-80, GBM/V 85-90, GBM/V 95-00, Coll 1993/2003 and DIL 98, plus further allowance for future mortality improvement

The provisions for life insurance contracts are primarily calculated using the mortality rates in the tariff bases. Savings products (other than unit-linked) are discounted at market rates based on the current DLG curve.

For group life contracts, with the exception of group contracts surrendered on the closing date and whose mortality bases are not equal to the Coll. 1993 mortality table, the provisions for life insurance contracts are increased by multiplying these provisions with the ratio between the actuarial benefit factor based on the mortality table GBM/V 1990-1995 and the actuarial factor based on the tariff base.

For group life contracts, an additional provision for longevity risk is formed at the portfolio level. This additional provision presents the amount required if provisioning were to be performed on the basis of the most recent mortality rates taking into account historical figures rather than the GBM/V 1990-1995 table.

For contracts with an interest guarantee, a provision has been established for these guarantees. For Delta Lloyd Life and NSF, this provision is determined on a stochastic basis. Provisions for return guarantees issued by other divisions are established using a deterministic approach. For traditional

policies with a profit sharing guarantee, a provision is set up in accordance with the Dutch regulatory requirements.

(ii) Belgium

In Belgium, local generally accepted interest rates and published standard mortality tables are used for different categories of business as appropriate. The tables are based on relevant experience and show mortality rates, by age, for specific groupings of people. The table below provides an overview of the initial tariff base. The current provisions are calculated using market interest rates (DLG curve).

Valuation discount rates for the year ended 31 December		
	Valuation discount rates in 2008 and 2007	Mortality tables used in 2008 and 2007
Life	DLG curve or 0% - 4.85%	MR. FR. MK. FK. FK' mortality tables
Annuities in deferment and in payment	DLG-curve or 3.25% - 4.75%	MR. FR mortality tables

In most cases the provisions for life insurance contracts are calculated using the tariff bases. An additional provision is set up for policies with a guaranteed base rate higher than the regulatory reference rate. This provision is determined on a policy by policy basis using the reference interest rate. This provision is formed on a straight-line basis over 10 years. An exemption was requested and obtained from the Banking, Finance and Insurance Commission (*Commissie voor het Bank-, Financier- en Assurantiewezen / CBFA*) on the addition to this provision for the portfolio of the former Swiss Life Belgium.

For contracts with discretionary participation features a profit sharing provision is set up based on the guaranteed amounts insured. The surplus is distributed to policyholders at the discretion of the shareholders' meeting. The profit sharing is effective for contracts with a guaranteed base rate lower than 3.75% in the first month after the decision of the shareholders' meeting. For contracts with a guaranteed base rate higher than 3.75%, the surplus will be distributed to the policyholder at maturity or death.

(iii) Germany

In Germany, local generally accepted interest rates and published standard mortality tables are used for different categories of business as appropriate. The tables are based on relevant experience and show mortality rates, by age, for specific groupings of people.

Valuation discount rates for the year ended 31 December

	Valuation discount rates in 2008 and 2007	Mortality tables used in 2008 and 2007
Life	2.25%, 2.75%, 3%, 3.25%, 3.50% or 4.00%	Sterbetafel 60/62. Sterbetafel 1986 or Sterbetafel DAV 199T
Annuities in deferment and in payment	2.25%, 2.75%, 3%, 3.25%, 3.50% or 4.00%	Sterbetafel 49/51. Sterbetafel 1987R. Sterbetafel 1994R. Sterbetafel DAV 2004R or Sterbetafel DAV 2004R Bestand

In most cases the provisions for life insurance contracts are calculated using the tariff bases. For life contingent annuity contracts with an old reserving base (e.g., Sterbetafel 1987R or Sterbetafel 1994R) an additional provision is set up to take longevity risk into account. This provision amounts to the difference between the provisions determined on the tariff bases and the provisions recalculated on a more modern mortality basis (Sterbetafel 2004R-Bestand). As per year-end 2008, this provision amounted to € 80.8 million (2007: € 78.9 million). Profit sharing for traditional policies is based on the technical results plus the excess of interest earnings over the base rate. At least 93% of the excess interest earnings and technical results is added to a provision for future allocation to policyholders. This percentage is based on management's assessment of the expected profit distribution, and includes the expected tax amounts. The allocation of this provision is at the discretion of the board. The same procedure is used for investment contracts.

Movements**The following movements have occurred in the life provisions during the year**

In millions of euros	2008	2007
At 1 January	29,391.3	28,500.2
Provisions in respect of new business	2,643.2	2,213.0
Expected change in existing business provisions	-761.3	-239.8
Variance between actual and expected experience	-1,796.2	-1,058.1
Impact of operating assumption changes	49.5	1.5
Impact of economic assumption changes	308.2	-662.4
Other movements recognised as expense	143.0	-2.7
Change in liability recognised as expense	586.5	251.5
Changes in group	1,800.4	738.8
Other movements not recognised as expense	-37.0	-99.0
Reclassified as liabilities relating to assets held for sale	-	-0.2
At 31 December	31,741.2	29,391.3

The 'impact of economic assumption changes' is mostly interest-related. This includes the effect of interest rate movements on insurance provisions. The movement in provisions for interest guarantees on unit-linked and separate accounts and the movement in provisions for deferred profit sharing are also included in the economic assumption changes. The provision for deferred profit sharing includes

the future profit sharing on deposits with ceding undertakings, which is not yet included in the basic provision. Movements in the value of assets backing unit-linked policies are recognised under expected changes and variance between expected and actual movement. The movement in the provision for the unit-linked portfolio due to changes in the underlying investments are recognised as expected changes and variance between expected and actual movement.

Participating insurance contracts

The following amounts have been included in the income statement in respect of policyholder bonuses during the year		
In millions of euros	2008	2007
Bonuses allocated in anticipation of a bonus declaration, included in claims paid	90.2	94.4
Reversionary and similar policyholder bonuses, included in life provisions	37.9	38.1
Total	128.1	132.5

General and health insurance

Provisions for outstanding claims

Significant delays occur in the notification and settlement of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with complete certainty at the balance sheet date. The provisions for general insurance and health are based on information available when the provision is determined; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur.

Provisions for outstanding claims are established to cover the outstanding expected ultimate liability for losses and loss adjustment expenses (LAE) in respect of all claims that have already occurred. The provisions established cover reported claims and associated LAE, as well as claims incurred but not yet reported (IBNR) and estimated LAE.

Outstanding claims provisions are based on undiscounted estimates of future claim payments, except for disability business for which discounted provisions are held.

Disability insurance contracts				
	Discount rate 2008	Mean term of liabilities in years 2008	Discount rate 2007	Mean term of liabilities 2007
Netherlands and Belgium				
Disability insurance contracts	3.82%	7.31	3.87%	8.26

No equalisation or catastrophe provisions have been recognised as these are not permitted under IFRS. The general reserves (included in equity) will be used to absorb the impact of any catastrophes. Moreover, catastrophe-related risk is partly reinsured.

Outstanding claims provisions are estimated based on known facts at the date of estimation, including statistics on the development of claim payments, incurred losses, average costs per claim and number of similar claims. Historical claims development is mainly analysed by accident period, although underwriting or notification period is also used where this is considered appropriate. Claim development is separately analysed for each geographic area, as well as by each line of business. Certain lines of business are also further analysed by claim type or type of coverage. In addition, large claims for each line of business are usually separately assessed, either by being provided for at

the face value of loss adjuster estimates, or separately projected in order to reflect the development of large claims.

Estimated outstanding claims provisions are continually refined as part of a regular ongoing process as claims experience develops, losses are settled and further losses reported. The outstanding expected ultimate cost of claims is estimated using a variety of accepted actuarial and statistical projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods (see hereafter). These techniques predict the development of claim payments, incurred losses, average claim costs and claim numbers for each year based on the observed development of prior years. The outstanding claims provisions before discounting were € 2,472.6 million, including acquisitions (2007: € 2,404.0 million). The period of time which will elapse before the liabilities are settled has been estimated by modelling the settlement patterns of the underlying claims and related reinsurance recoveries.

The introduction of the basic health system on 1 January 2006 and the resulting shift in the insured population caused a disruption of traditional claim settlement patterns. The procedures for charging medical expenses by hospitals changed with effect from 2005. Hospital expenses can only be claimed once the full treatment has been completed. Previously, medical expenses were claimed as soon as individual components of a treatment were finished. As a result, claims patterns (in terms of timing) have changed. Another result from the change in procedures is that standard diagnostic treatments to which codes have been assigned are claimed using agreed rates instead of individually identified components. This impacts the comparability of historical data.

The uncertainty further increased due to the fact that hospitals experienced backlogs in notifying claims for closed treatments in 2006 and 2007. Hospitals could not assure that the proper treatment codes were used for the amounts claimed.

Hospital budget overfunding and underfunding are expected to have occurred in 2006 and 2007. In January 2008, the Dutch Healthcare Authority (*Nederlandse Zorgautoriteit*) reached agreement about the model to be used to render annual overfunding and underfunding more transparent at institution level. The model also shows how any overfunding or underfunding is settled via the fixed contributions and settlements. The model was used in the autumn of 2008 for the final settlement of the 2006 overfunding. No information is yet available for 2007 and 2008. It has proven very difficult for health insurers to estimate the funding differences for 2007 and 2008, and their impact on future years.

The combination of the above factors causes uncertainty in reported information. As a consequence, the provisions are based in part on historical information as well as estimates of risk premiums and numbers of people insured. The provision takes account of the fact that estimates may deviate. The appointed (external) actuary considers the provision to be prudent.

Assumptions

The ultimate level of outstanding general insurance claims 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. As such these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers for each accident year based on the observed development of earlier years. In most cases no explicit assumptions are made regarding future rates of claims inflation or loss ratios, instead the assumptions used are those implicit in the historic claims development data on which the projections are based.

Judgement is used to assess the extent to which past trends may not apply in the future, for example to reflect changes in external or market factors such as public attitudes to claiming, economic

conditions, varying levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Assumptions for disability insurance business provisions

Explicit assumptions are used for the permanent health and injury insurance (disability insurance). If a policyholder becomes disabled a benefit is paid out. The required provision for benefit payments is based on the assumptions as described below. The provision is determined on the basis of a fixed discount rate that is equal to the interest rate specified in the actuarial tables. For a number of portfolios in the Netherlands the discount rate is based on the current swap curve. The assumptions on which the disability insurance business provisions are based vary between per division of Delta Lloyd Group. Discrepancies are partly attributable to different portfolios and historical rates. In this paragraph the assumptions used under previous accounting policies using Dutch GAAP, as allowed by IFRS 4, are summarised per product type.

Disability insurance business provisions		
	Premium calculation	Outstanding claims provisions
Assumptions		
Individual	KAZO 90 (4%), KAZO 90 (3%), AOV 2000 (3%), Verbond 97 (4%), Verbond 97 (3%), Verbond 99 (3%), WIA 2006 (3%)	KAZO 90 (4%), KAZO 90 (3%), AOV 2000 (3%), Verbond 97 (4%), Verbond 97 (3%), Verbond 99 (3%), Verbond 99 (4%), actuele DLG-curve WIA 2006 (3%)
Group	WAO 93 (4%), WAO 96 (4%), PEMBA 99 (4%), WIA 2006 (3%)	WAO 93 (4%), WAO 93 (3%), actuele DLG-curve, WIA 2006 (3%)

Disability insurance business provisions		
	Premium calculation	Outstanding claims provisions
Assumptions		
Belgium	Levie (3%) Schrijvers (3%) MFRK (4.75%)	Levie (3%) Schrijvers (3%) MFRK (4.75%)

Provision for unexpired risk

A provision for unexpired risk is included for part of the WGA Deductible Risk Bearer portfolio and the medical expenses portfolio. The provision, which relates to items that were recognised in 2008 but continue after 31 December 2008, is based on the difference between the commercial premium and the premium required actuarially.

Process used to decide on assumptions

Life insurance

Mortality assumptions have been derived from industry expertise and are based on national mortality tables. However, the mortality assumption underlying the provisions is passive (i.e., it rarely changes) and often reflects the pricing assumptions. Pricing basis assumptions for mortality are generally based on the most recent national mortality tables.

For disability insurance provisions that are part of Delta Lloyd Group's life portfolio no specific allowance is made for recovery assumptions. This builds an element of prudence into the provision for these products.

Provisions for traditional saving-products have been valued on the basis of either the actual swap rate or a fixed interest rate. Savings-based mortgages however have policy-related interest rates.

General and health insurance

For all general insurance risks, Delta Lloyd Group uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the chain-ladder and the Bornhuetter-Ferguson methods. Chain-ladder methods may be applied to paid claims or incurred claims (i.e., paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of development factors based upon this historical pattern. The selected development factors are then applied to cumulative claims data for each underwriting year which is not yet fully developed to produce an estimated ultimate claims cost for each underwriting year. Chain-ladder techniques are most appropriate for mature classes of business which have a relatively stable development pattern. Chain-ladder techniques are less suitable in cases where the insurer does not have a developed claims history for a particular class of business.

Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based upon actual claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique is used in situations where developed claims experience was not available for the projection (recent accident years or new classes of business). Another method that Delta Lloyd Group uses to establish the IBNR is to retain a percentage of the premium income, which is then amortised on a straight-line basis.

The choice of estimate for each underwriting year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual underwriting years or groups of underwriting years within the same class of business.

The exposure of Delta Lloyd Group to claims associated with asbestos-related diseases is material. The provisions have been estimated per case by claims handlers. A provision has also been formed for future asbestos-related claims. Claims development is monitored periodically. With respect to claims development for this business, please refer to the section on Loss Development Tables. For health insurance the above-mentioned techniques are used to calculate outstanding claim provisions and IBNR.

IBNR provisions for disability insurance are based chiefly on a percentage of the risk premium. Provisions for benefits in payment are estimated on models and assumptions that are used industry wide. The benefit provision is the discounted value of expected future cash flows including recovery and mortality probabilities. The recovery probabilities and mortality probabilities have been derived

from industry expertise. The discount rates used are either a fixed discount rate or the DLG curve. Upper and lower limits for the surplus set using the boot-strap technique have been applied to test the level of the provision for the Property & Casualty portfolio against Delta Lloyd Group's provisioning policy (confidence level of 85%-99%). As part of the tests of the provisions, there is a quarterly analysis of whether the provisioning policy has been met and action is taken as necessary.

Movements

The following changes occurred in the general insurance and health technical provisions during the year:

General technical provisions		
In millions of euros	2008	2007
At 1 January	1,529.3	1,364.6
Impact of changes in assumptions	-4.4	-2.6
Claim losses and expenses incurred in the current year	904.1	816.4
Movement in anticipated claim losses and expenses incurred in prior years	-118.7	-244.1
Incurred claims losses and expenses	781.0	569.7
Payments made on claims incurred in the current year	-422.6	-380.4
Payments made on claims incurred in prior years	-329.1	-254.2
Recoveries on claim payments	9.5	9.1
Claims payments made in the year, net of recoveries	-742.2	-625.5
Other movements in the claims provisions	-33.2	-1.5
Change in claims provision recognised as expense	5.6	-57.3
Changes in group	139.0	222.5
Other gross movements	-	-0.4
At 31 December	1,673.9	1,529.3

Loss development table

The following table presents the development of cumulative claim payments and the estimated ultimate cost of claims for the accident years 2001 to 2008. The upper half of the table shows the cumulative amounts paid during successive years related to each accident year. For example, with respect to the accident year 2001, by the end of 2008 € 1,127.3 million had been paid in settlement of claims (excluding the impact of acquisitions). In addition, as reflected in the lower section of the table, the original estimated ultimate cost of claims of € 1,238.4 million was re-estimated to be € 1,178.3 million at 31 December 2008. This decrease from the original estimate would generally be a combination of a number of factors, including claims being settled for larger or smaller amounts than originally estimated. The original estimates will also be increased or decreased, as more information becomes known about the individual claims and overall claim frequency and severity patterns.

In the fourth year following adoption of IFRS, only eight years are required to be disclosed. This will be increased in each succeeding additional year, until ten years of information is included.

[illegible]

The loss development table after the effect of reinsurance is shown below:

Loss development net of reinsurance										
In millions of euros	All prior years	2001	2002	2003	2004	2005	2006	2007	2008	Total
Gross cumulative claims payments										
At end of accident year		683.8	752.0	778.4	823.2	743.0	1,112.7	1,216.9	1,386.7	
One year later		1,027.9	1,091.0	1,076.1	1,129.9	1,157.8	1,734.6	1,959.0	-	
Two years later		1,062.0	1,120.5	1,099.7	1,160.9	1,206.2	1,794.1	-	-	
Three years later		1,080.6	1,135.9	1,110.9	1,173.1	1,227.3	-	-	-	
Four years later		1,088.4	1,144.9	1,119.7	1,175.5	-	-	-	-	
Five years later		1,095.4	1,150.0	1,121.5	-	-	-	-	-	
Six years later		1,102.2	1,147.5	-	-	-	-	-	-	
Seven years later		1,097.7	-	-	-	-	-	-	-	
Estimate of gross cumulative claims										
At end of accident year		1,222.8	1,311.1	1,327.1	1,454.2	1,497.6	2,149.0	2,344.7	2,498.4	
One year later		1,260.3	1,327.5	1,304.1	1,387.9	1,438.6	1,963.3	2,194.5	-	
Two years later		1,205.2	1,261.6	1,228.8	1,303.6	1,352.3	1,919.8	-	-	
Three years later		1,190.3	1,236.2	1,207.6	1,264.4	1,326.1	-	-	-	
Four years later		1,174.0	1,222.5	1,201.1	1,243.8	-	-	-	-	
Five years later		1,169.0	1,211.5	1,175.5	-	-	-	-	-	
Six years later		1,163.1	1,196.7	-	-	-	-	-	-	
Seven years later		1,144.9	-	-	-	-	-	-	-	
Estimate of cumulative claims		1,144.9	1,196.7	1,175.5	1,243.8	1,326.1	1,919.8	2,194.5	2,498.4	
Cumulative payments		1,097.7	1,147.5	1,121.5	1,175.5	1,227.3	1,794.1	1,959.0	1,386.7	
Total	219.7	47.1	49.2	54.0	68.3	98.8	125.7	235.6	1,111.7	2,010.1
Effect of discounting	17.6	5.3	5.3	5.6	2.5	3.7	5.9	8.5	11.6	66.0
Current value	202.1	41.8	43.8	48.4	65.8	95.1	119.8	227.1	1,100.1	1,944.1
Effect of acquisitions										
Reserves at aquisition date	-	30.1	11.9	76.8	32.6	396.9	45.0	33.6	15.5	642.4
Cumulative payments since aquisition	-	-	-	23.4	7.2	315.0	20.4	3.8	-	369.8
Reserves at balance sheet date	-	14.1	12.4	56.5	18.0	25.1	25.3	53.1	25.5	230.0
Value recognised in balance sheet	202.1	56.0	56.2	104.9	83.8	120.2	145.1	280.3	1,125.6	2,174.1
General technical provisions										1,443.9
Liabilities relating to assets held for sale		-	-	-	-	-	-	-	-	733.2
Provision for unexpired risks		-	-	-	-	-	-	-	-	-3.0
General technical provisions										2,174.1

A prudent provisioning policy regarding cumulative claims (anticipated claims payments) will lead to a downward adjustment to the cost of claims in the future. The table shows that this adjustment applies to all accident years. A substantial portion of the payments is recorded during the second financial year. It appears from the movements in cumulative claims payments presented above that at least 85% of overall claims have been paid after two financial years.

The tables above include information on asbestos and environmental pollution (A&E) claims provisions from business written before 2001. The uncertainty inherent in A&E claims provisions is largely due to the extremely long latency period, uncertainties in the cover and claims costs, limited availability of data and uncertainty in the completeness/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 - gross of reinsurance			
In millions of euros	Cumulative payments	Claims reserves	Estimate of cumulative claims
31 December 2001	11.9	26.7	38.6
31 December 2002	10.1	30.8	40.9
31 December 2003	10.0	32.5	42.5
31 December 2004	9.6	45.0	54.6
31 December 2005	10.7	49.6	60.3
31 December 2006	16.1	57.8	74.0
31 December 2007	20.3	53.2	73.5
31 December 2008	21.1	56.8	77.9

Asbestos and environmental pollution loss development table - net of reinsurance			
In millions of euros	Cumulative payments	Claims reserves	Estimate of cumulative claims
31 December 2001	11.9	26.7	38.6
31 December 2002	10.1	30.8	40.9
31 December 2003	10.0	32.5	42.5
31 December 2004	9.6	45.0	54.6
31 December 2005	10.7	49.6	60.3
31 December 2006	16.1	57.8	74.0
31 December 2007	20.3	53.0	73.3
31 December 2008	21.1	56.8	77.9

Provision for unearned premiums**Movements**

The following movements in the unearned premiums provision occurred during the year:

Movements in the unearned premiums provision occurred during the reporting period		
In millions of euros	2008	2007
At 1 January	371.4	323.2
Premiums written during the year	1,359.6	2,623.1
Premiums earned during the year	-1,382.3	-2,625.5
Other movements in unearned premiums provision	-	-19.0
Movements in unearned premiums provision recognised as an expense	-22.7	-21.4
Changes in group	15.7	61.0
Other adjustments	32.0	8.7
At 31 December	396.4	371.4

1.1.6.24 (24) Reinsurance assets**Carrying value**

The following is a summary of reinsured business included in insurance provisions. As far as life insurance business is concerned, this primarily relates to pro rata reinsurance. For general business, it relates to risk reinsurance (primarily excess of loss).

Reinsured provisions		
In millions of euros	2008	2007
Life	481.8	1,065.8
General	240.3	216.6
Total	722.0	1,282.4

In Germany, a reinsurance contract has ended and as a result, the total reinsurance provision has decreased by approximately € 575 million. This has no impact on results and equity. The net provision is calculated by deducting reinsured business included in provisions from the gross provision. The table below provides a comprehensive overview of gross provision, reinsurance assets and net provision.

Gross provisions, premiums ceded to reinsurers and net provisions as at 31 December						
In millions of euros	Gross insurance provisions 2008	Reinsur- ance assets 2008	Net 2008	Gross insurance provisions 2007	Reinsur- ance assets 2007	Net 2007
Discretionary participating	6,609.8	4.6	6,605.2	4,999.3	551.3	4,448.0
Non-discretionary participating	5,773.9	404.3	5,369.6	5,781.3	420.9	5,360.3
Unit-linked non-participating	9,998.4	26.5	9,971.9	10,432.0	44.5	10,387.5
Other non-participating	9,359.1	46.4	9,312.8	7,993.8	49.1	7,944.8
Unallocated divisible surplus	-	-	-	184.9	-	184.9
Life provisions	31,741.2	481.8	31,259.4	29,391.3	1,065.8	28,325.5
Discretionary participating policies	2,548.9	-	2,548.9	1,594.4	-	1,594.4
Non-participating policies	588.1	-	588.1	553.4	-	553.4
Unit-linked policies	189.7	-	189.7	61.9	-	61.9
Investment contracts	3,326.7	-	3,326.7	2,209.7	-	2,209.7
Outstanding claims provisions	1,111.8	181.8	930.0	1,009.9	154.7	855.2
Provision for claims incurred but not reported	480.6	42.2	438.4	442.5	34.3	408.2
AB provision	-	-	-	-	-	-
Provision for unearned premiums	396.4	9.4	387.0	371.4	22.2	349.3
Additional provision for unexpired risk	3.0	-	3.0	2.2	-	2.2
Other technical provisions	-	1.3	-1.3	2.4	-	2.4
Provision for claims handling expenses	78.4	5.5	72.9	72.4	5.4	67.0
General provisions	2,070.3	240.3	1,830.0	1,900.8	216.6	1,684.2
Total	37,138.3	722.0	36,416.3	33,501.8	1,282.4	32,219.4

Assumptions

The assumptions used for reinsurance contracts typically follow those applied to insurance contracts. Reinsurance assets included in life insurance business provisions have not yet been valued on the basis of market interest rates.

Movements

The following movements occurred in reinsurance assets during the year:

(i) Life insurance

Movements in receivables from reinsurers during the year		
In millions of euros	2008	2007
At 1 January	1,065.8	1,209.7
Assets in respect of new business	2.6	7.6
Expected movement in existing business assets	-1.6	-22.2
Variance between actual and expected experience	-591.5	-130.1
Impact of operating assumption changes	0.1	0.2
Other adjustments	-0.0	0.2
Change in asset recognised as income	-590.4	-144.3
Changes in group	9.9	0.2
Other adjustments	-3.6	0.2
At 31 December	481.8	1,065.8

(ii) General insurance

Movements in receivables from reinsurers during the year		
In millions of euros	2008	2007
At 1 January	194.4	132.1
Impact of changes in assumptions	-0.5	0.5
Reinsurers' share of claim losses and expenses incurred in current year	52.4	51.2
Reinsurers' share of claim losses and expenses incurred in prior years	-0.4	8.4
Reinsurers' share of incurred claim losses and expenses	51.6	60.1
Reinsurance recoveries received on claims incurred in current year	-13.1	-7.9
Reinsurance recoveries received on claims incurred in prior years	-26.9	-33.9
Reinsurance recoveries received in the year	-40.0	-41.9
Change in reinsurance asset recognised as income	11.6	18.2
Changes in group	24.8	44.1
At 31 December	230.8	194.4

(iii) Reinsurers' share of the unearned provision

The following movements have occurred in the provision for unearned premiums during the year		
In millions of euros	2008	2007
At 1 January	22.2	14.4
Premiums ceded to reinsurers in the year	109.2	114.9
Reinsurers' share of premiums earned during the year	-122.4	-111.0
Other movements in reinsurers' share of unearned premiums provision	0.5	3.8
Change in unearned premiums provision assets recognised as income	-12.7	7.7
At 31 December	9.4	22.2

1.1.6.25 (25) Liability for investment contracts**Carrying value**

Investment contract liabilities as at 31 December		
In millions of euros	2008	2007
Discretionary participating policies	2,548.9	1,594.4
Non-participating policies	588.1	553.4
Unit-linked policies	189.7	61.9
Total investment contracts	3,326.7	2,209.7

Most of the change in value of 'discretionary participating policies' and 'unit-linked policies' was brought about by the acquisition of Swiss Life Belgium.

Life business investment liabilities

Investment contracts included under life business are those that do not transfer significant insurance risk from the contract holder to the issuer, and are therefore treated as financial instruments under IFRS.

Many investment contracts contain a discretionary participation feature in which the contract holder has a contractual right to receive additional benefits as a supplement to guaranteed benefits. These

are referred to as participating contracts and are measured according to the methodology and group practice for life insurance liabilities as described in note 23.

For participating business concluded by Delta Lloyd Life (Belgium), the discretionary participation feature is recognised separately from the guaranteed element and is classified as a liability, referred to as unallocated divisible surplus.

Investment contracts that do not contain a discretionary participation feature are referred to as non-participating contracts and the liability is measured at either fair value or amortised cost. Most non-participating investment contracts measured at fair value are unit-linked contracts and the fair value provision is equal to the unit-linked investment value plus additional non-unit provisions if required on a fair value basis. For this business, capitalised acquisition costs and a deferred income reserve liability are recognised in respect of transaction costs and front-end fees respectively, which relate to the management of investments, and which are amortised on a systematic basis over the contract term. The amounts of the related capitalised acquisition costs are shown in note 19. The number of group pension contracts without insurance risk for which the liability is measured at amortised cost using the effective interest method, and the related volume are limited. Guarantees on investment products are disclosed in note 34.

The carrying value of contract liabilities measured at amortised cost is not materially different from the fair value. In view of their discretionary nature, the fair value of investment contracts with discretionary participation features is difficult to estimate reliably. The level of the discretionary payment is decided by Delta Lloyd Group, subject to the terms and conditions stipulated in the investment contract.

Movements during the year

Investment contract liabilities as at 31 December		
In millions of euros	2008	2007
At 1 January	2,209.7	2,721.1
Provisions in respect of new business	200.8	441.6
Expected change in existing business provisions	37.0	-97.6
Variance between actual and expected experience	-169.4	-240.5
Impact of changes in assumptions	77.7	-55.0
Change in liability	146.1	48.5
Changes in group	970.9	-
Reclassified as liabilities relating to assets held for sale	-	-559.9
At 31 December	3,326.7	2,209.7

1.1.6.26 (26) Effect of changes in assumptions and estimates on provisions for insurance and investment contracts

The technical provision for life and general insurance contracts is determined on the basis of prevailing accounting policies and assumptions. Changes in the accounting policies and assumptions will directly affect the technical provision and have an indirect impact on the result. The following accounting policies and assumptions used in determining the technical provisions for insurance and investment contract business were changed during 2008, and had the following effect on the result for the year:

Accounting policies and assumption affecting results		
In millions of euros	Effect on result 2008	Effect on result 2007
Assumptions		
Life		
Insurance contracts		
Interest rate *	-266.1	656.8
Expenses	-40.2	2.9
Mortality for annuity contracts	-5.5	-0.3
Other	-132.4	1.5
Investment contracts - participating		
Interest rate	-77.5	48.5
Expenses	-44.5	2.2
Persistency rates	3.4	-
Other	40.9	4.3
General		
Insurance contracts		
Change in discount rate assumptions	-1.2	1.5
Change in expenses ratio assumptions	0.6	1.0
Total	-522.7	718.4

* including effect of switch to DLG curve

Note 23 'Insurance provisions' addresses the effect of economic assumption changes on insurance provisions. This differs from the effect of interest rate changes. The interest rate related impact on the result involves the consequences of movements in market interest rates during the year. The above effects, and the impact of interest rate changes in particular, are partly offset by movements in the investment portfolio as a result of changes in market interest rates. The result will primarily be affected by differences in volumes and maturities.

The € 132.4 million loss on 'other' insurance contracts related mainly to inclusion of part of the costs of the compensation scheme for insurance contracts. This is part of the overall cost where the full cost did not lead to an increase in the technical provision.

1.1.6.27 (27) Tax assets and liabilities

The deferred tax assets and liabilities caused by temporary differences in tax base can be split into the following categories		
In millions of euros	2008	2007
Insurance liabilities	55.7	98.6
Investments	-643.9	-346.2
Equalisation reserve	-12.0	-10.0
Unused tax losses	408.4	56.5
Intangible fixed assets	-24.6	-47.3
Pension plans	27.6	43.9
Other	33.4	-11.1
Total deferred tax	-155.4	-215.6

The total amount of tax assets and liabilities is expected to be recoverable or payable. The German tax rate changed in 2008, or paid. This was taken into account in determining deferred tax assets and liabilities at year-end 2007.

Movement in deferred tax assets		
In millions of euros	2008	2007
At 1 January	11.7	11.9
Charged to income statement	17.2	-0.9
Movement to deferred tax liabilities	-3.9	-
Movement in revaluation reserve	-0.7	0.7
At 31 December	24.3	11.7

The Group has recognised tax losses of € 1,513.7 million (2007: € 177.2 million). Tax loss carry forwards are recognised to the extent that realisation of the related tax benefit through future taxable profits is probable.

The Group has unrecognised tax losses of € 281.4 million (2007: € 152.4 million) to carry forward against future taxable income; these tax losses may be carried forward indefinitely.

The deferred tax assets and liabilities of companies that form part of the same tax entity as Delta Lloyd NV are netted off. The same approach is used for the Delta Lloyd ABN AMRO Verzekeringen Holding BV corporate income tax entity.

Movement in deferred tax liabilities		
In millions of euros	2008	2007
At 1 January	227.4	113.2
Changes in group	7.4	6.3
Charged to income statement	72.4	160.8
Movement in revaluation reserve	-121.9	-73.0
Movement from deferred tax liabilities	-3.9	-
Reclassified as assets held for sale	-	17.1
Other adjustments	-1.8	3.0
At 31 December	179.6	227.4

1.1.6.28 (28) Pension obligations and other provisions

Provisions for other liabilities as at 31 December		
In millions of euros	2008	2007
Pension obligations	1,572.0	1,499.9
Restructuring provisions	76.8	44.7
Other provisions	57.5	70.6
Reclassified as liabilities relating to assets held for sale	-	-7.6
Total other provisions	134.3	107.7
Total	1,706.3	1,607.6

Movements in provisions for other liabilities during the reporting period				
In millions of euros	Pension obligations	Restructuring provisions	Other provisions	Total
At 1 January 2007	1,498.8	45.8	61.9	1,606.5
Changes in group	37.9	0.2	1.1	39.2
Employee contributions	6.4	-	-	6.4
Additional provision made in the year	-	6.3	41.1	47.4
Unused amounts released	-	-1.4	-7.8	-9.2
Withdrawal from provision during the year	10.5	-6.4	-25.3	-21.2
Interest cost post-retirement benefits	65.9	-	-	65.9
Current service cost of post-retirement benefits	42.2	-	-	42.2
Benefits paid	-53.6	-	-	-53.6
Actuarial gains and losses	-80.0	-	-	-80.0
Other adjustments	-28.1	-	-0.4	-28.5
Reclassified as liabilities relating to assets held for sale	-	-	-7.6	-7.6
At 31 December 2007	1,499.9	44.7	63.0	1,607.6
Changes in group	55.5	-0.1	3.7	59.2
Employee contributions	8.6	-	-	8.6
Additional provision made in the year	-	47.0	54.5	101.5
Unused amounts released	-	-0.2	-27.5	-27.6
Withdrawal from provision during the year	3.3	-14.7	-36.2	-47.6
Interest cost post-retirement benefits	79.5	-	-	79.5
Current service cost of post-retirement benefits	35.3	-	-	35.3
Past service cost of vested benefits	-0.9	-	-	-0.9
Benefits paid	-58.2	-	-	-58.2
Actuarial gains and losses	-35.2	-	-	-35.2
Curtailments and settlements	-1.7	-	-	-1.7
Other adjustments	-14.1	-	0.0	-14.1
At 31 December 2008	1,572.0	76.8	57.5	1,706.3

Pension obligations have been restated in line with the change in accounting policy explained in 1.1.1. The reorganisation provision includes € 29.2 million for the discontinuation of the activities of OHRA Belgium NV, a general insurer operating in the Belgian market. The entity will be wound up as soon as the remaining claim files have been closed. In addition, Delta Lloyd Germany has formed provisions of € 11.2 million for the reorganisation of the sales channel and € 10.0 million for the reorganisation of the back office. Finally, Delta Lloyd Insurance has formed a provision of € 13.9 million relating to the reorganisation of NOWM Verzekeringen NV, Eurolloyd Verzekeringen and the reorganisation of the sales channel. Other reorganisation provisions include minor restructuring programmes at Delta Lloyd Bank Belgium and OHRA Insurance.

Other provisions comprise of many small provisions throughout Delta Lloyd Group for other obligations such as claims (€ 18.9 million), banking (€ 9.2 million) and staff entitlements (€ 8.9 million), among others. The possibility of these provisions being released to the income statement is considered to be remote.

Of the total provisions recognised in the balance sheet, approximately € 116.2 million is expected to be paid in the coming financial year. Of this amount approximately € 44.3 million relates to expected payments on pension benefits.

1.1.6.29 (29) Pension obligations

Introduction

Delta Lloyd Group has a number of pension plans in the countries in which it operates, whose members receive benefits on a defined benefit basis. The main defined benefit plan is in the Netherlands, and other plans exist in Belgium and Germany. In the Netherlands, the main plan is held in a separate foundation which has reinsured its pension obligations with Delta Lloyd Levensverzekering NV, a subsidiary.

Total pension costs for the plans have been calculated under IAS 19. The figures for the Dutch plan include arrangements to meet other post-retirement obligations to staff. Delta Lloyd Group also operates a variety of smaller pension plans both in the Netherlands and in other countries. There were no significant contributions outstanding or prepaid during the past two years.

Details of the significant defined benefit plans

The valuation used for accounting under IAS 19 has been based on the most recent actuarial valuations, updated to take account of that standard's requirements in order to assess the liabilities of the material plans at 31 December 2008. The updating was made by actuaries in each country, either by the actuarial departments of the divisions or by external consultants. Plan assets are stated at their market values at 31 December 2008.

The most important features of the current plan, which was changed from 1 January 2006, are summarised below.

- The main pension plan in the Netherlands is based on average pay, with a retirement age of 65 years. Pension contributions are determined at 1 January of each year and are based on the hourly salary of the employee (including holiday allowance and year-end bonus), multiplied by the number of contract hours. The pension rights are 2.15% per service year of the employee's pension base.
- The actuarial rate used to determine the pension contribution by Delta Lloyd has been set at 3%.
- Additional contributions were made to compensate the shortfall as at 31 December 2005. Two types of additional contribution were involved:
 1. an additional contribution due to the increase in the provision caused by the change in the actuarial rate from 4% to 3%.
 2. a contribution in relation to the funding of the transition arrangements; this contribution takes the form of an annuity loan, extended by Delta Lloyd Life to the pension fund (via the employer).
- Indexation of pension and post-retirement benefit payments (by the employer) until 1 January 2011. Indexation will be based on the wage index for active employees and on the price index for retired employees.
- Delta Lloyd is not obliged to make additional future contributions in relation to the indexation of pension and post-retirement benefit payments after 1 January 2011. Indexation by the pension fund will only be applied on the basis of investment returns achieved by the fund, subject to the actuarial interest rate of 3% per annum.

Delta Lloyd Group has a deferred right to have its contributions refunded at the moment of transition (1 January 2011). Should the pension plan show a surplus on this date, 50% will be returned to Delta Lloyd Group. A surplus is understood to exist when the real market funding ratio exceeds 100%. The real market funding ratio is defined as the quotient of the market value of investments and the gross defined benefit obligations, calculated on the basis of current market interest rates and adjusted for forecast inflation. Any refund will not exceed the sum of the single-

premium policies underlying the additional contribution. This potential refund is increased by an adjustment for interest at a rate of 3% per annum which is payable as of the date on which the additional contribution is made.

As a result of the agreements made on changes to the pension plan with effect from 1 January 2011, any surplus (based on IAS 19 policies) will accrue to members. For this reason, the pension obligations ensuing from committed pension rights will be increased to the net balance of the investments if there is a surplus. The surplus (based on IAS 19 policies) accrues to members after a possible one-off refund to the employer. This premium refund to the employer would take place if the fair market value cover ratio of the pension fund is greater than 100%. Any one-off premium refund will be equal to 50% of the surplus over and above the fair market value cover ratio of 100%. The pension and post-retirement obligations of Delta Lloyd Group are therefore equal to the pension plan assets as at the balance sheet date. Based on the actuarial valuations set out below, the provision for pension and post-retirement obligations was increased by € 318.9 million. The details for the material 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 Netherlands pension plan is the generation table CR8B (from 1 January 2008; 2007: the Coll 2003 table).

Main financial assumptions used to calculate defined benefit obligations under IAS 19				
In percentages	Netherlands 2008	Netherlands 2007	Other countries 2008	Other countries 2007
Data of most recent actuarial valuation				
Inflation rate	2.00%	2.00%	2.00%	2.00%
General salary increases	3.00%+merit	3.00%+merit	2.00%-4.00%	2.00%-4.00%
Pension increases	2.00%/1.30% (as of 2011)	2.00%	1.00%-2.00%	1.00%-2.00%
Deferred pension increases	2.00%/1.30% (as of 2011)	2.00%	0.00%	0.00%
Discount rate	5.70%	5.50%	4.75%-6.25%	4.75%-5.25%

Pension increases and deferred pension increases in the Netherlands for periods after 31 December 2010 amount to 1.3%.

Expected rates of return on the plan assets				
In percentages	Netherlands 2008	Netherlands 2007	Other countries 2008	Other countries 2007
Equity securities	6.00%	7.20%	7.25%	8.30%
Bonds	3.80%	4.60%	5.75%	5.10%
Property	5.70%	5.90%	6.25%	6.40%
Other	3.80%	4.60%	4.75%	4.75%

The overall rates of return are based on the expected returns within each asset class and on current asset mix. The expected returns are developed in conjunction with external advisors and take into account both current market expectations of future returns, where available, and historical returns.

These rates have been developed specifically for pension calculations under IAS 19 and therefore differ from the rates used in the Market-Consistent Embedded Value (MCEV) calculations elsewhere in this report.

Pension expenses		
In millions of euros	2008	2007
Current service costs	45.2	42.9
Interest charge on pension obligations	82.5	68.1
Amortisation of past service cost	0.3	-0.9
Actuarial gains and losses	-35.2	-80.0
Curtailment and special termination benefits	0.9	-
Result change accounting policy	-	-7.9
Minus amortisation pension obligation	-14.1	-
Minus expected return on reimbursement rights	-4.5	-4.2
Total charge to income	75.1	18.0

The employees' contribution to the pension expenses amounts to € 8.6 million (2007: € 6.4 million).

Pension expenses are expected to be € 48.0 million in 2009, including the expected return on reimbursement rights.

Reconciliation of defined benefit obligations recognised in the balance sheet to the actual defined benefit obligations			
In millions of euros	2008	2007 after changes in accounting policies	2007 before changes in accounting policies
Actual defined benefit obligation	1,609.5	1,500.1	1,500.1
Plan assets	-62.1	-69.6	-69.6
Reimbursement rights	-1,471.9	-1,396.3	1,396.3
Asset ceiling	0.5	28.9	28.9
Adjustment for funding agreement	-	14.0	-
Unrecognised actuarial results	-	-	-26.1
Unrecognised past service costs	9.3	10.2	10.2
Other post-retirement benefits	13.1	11.6	
Elimination of plan assets	1,471.9	1,396.3	-1,396.3
Total pension obligations	1,570.3	1,495.2	1,443.4
Recognised pension asset	1.7	4.7	4.7
Recognised pension obligation	1,572.0	1,499.9	1,448.1
Total pension obligations	1,570.3	1,495.2	1,443.4

Defined benefit obligations for an amount of € 66.0 million relate to plans that are wholly unfunded (2007: € 52.7 million).

Past service income not yet recognised amounts to € 9.3 million (2007: € 10.2 million). This amount is capitalised and will be recognised in the income statement over a period of 13 years, starting in 2006.

Overview plan assets and defined benefit obligations

In millions of euros	2008	2007	2006	2005	2004
Fair value of plan assets and reimbursement rights at the end of the year	1,534.0	1,465.8	1,450.6	1,271.4	1,120.9
Present value of defined benefit obligations at the end of the year	1,575.9	1,500.1	1,493.6	1,358.6	1,274.0
Net pension deficit	-41.9	-34.3	-43.0	-87.2	-153.1

The amounts recognised under actuarial gains and losses that are caused by experience adjustments on the pension obligations amount to a loss of € 24.0 million (2007: a loss of € 81.0 million).

Plan assets attributable to defined benefit members as at 31 December

In millions of euros	Netherlands 2008	Other countries 2008	Total 2008	Netherlands 2007	Other countries 2007	Total 2007
Equity securities	266.7	16.3	283.0	416.0	35.3	451.3
Bonds	880.5	26.8	907.3	757.0	19.2	776.2
Property	79.1	1.6	80.7	70.9	5.4	76.3
Other	230.9	32.2	263.1	155.8	6.2	162.0
Total fair value of assets	1,457.2	76.8	1,534.0	1,399.7	66.1	1,465.8

As the Delta Lloyd Pension Fund has insured its pension obligations with Delta Lloyd Life in the Netherlands, this entity recognises the related investments and a related insurance liability. To avoid double recognition, both as actual investments and plan assets/reimbursement rights on the asset side and defined benefit obligations and insurance liabilities on the liability side, the plan assets and the insurance liabilities have been eliminated on the balance sheet of Delta Lloyd Group. The actual return on the assets backing the insurance liabilities in the Netherlands for the year 2008 amounted to € 10.2 million (2007: € -30.8 million). This amount is already recognised in the investment income of the life segment, as this segment holds the actual investments. The actual return on plan assets in the Belgian defined benefit plan for the 2008 financial year are € -9.6 million (2007: € 2.3 million). This amount is included in other operating expenses in the income statement.

1.1.6.30 (30) Borrowing**Contract maturity date 2008**

In millions of euros	Less than 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 2008
Subordinated debt	-	-	-	-	-	400.5	400.5
Amounts owed to credit institutions	1,614.0	1.6	1.6	1.6	1.6	5.6	1,625.9
Securitised mortgage loan notes	-	-	-	-	-	6,407.4	6,407.4
Convertible loan	-	-	-	-	-	9.3	9.3
Other	-	11.4	26.5	8.3	14.6	36.3	97.1
Total borrowings	1,614.0	12.9	28.1	9.9	16.2	6,859.1	8,540.2
Contractual future interest payments	459.5	459.5	459.0	457.7	457.2	18,137.0	20,429.9
Total	2,073.5	472.5	487.1	467.6	473.4	24,996.0	28,970.1

Contract maturity date 2007

In millions of euros	Less than 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 2007
Subordinated debt	-	-	-	-	-	412.2	412.2
Amounts owed to credit institutions	898.3	2.7	1.6	1.6	1.6	11.0	916.7
Securitised mortgage loan notes	-	-	-	-	-	7,652.1	7,652.1
Convertible loan	-	-	-	-	-	9.3	9.3
Other	350.3	23.4	37.8	3.9	9.8	56.7	481.9
Total borrowings	1,248.6	26.1	39.4	5.5	11.4	8,141.2	9,472.2
Contractual future interest payments	457.0	437.4	435.5	435.3	434.9	17,953.2	20,153.4
Total	1,705.6	463.6	474.9	440.9	446.2	26,094.4	29,625.6

The figures on securitised mortgage loan notes in the above table are presented differently from in the 2007 annual report. The restatement was brought about by IFRS 7.

The maturity periods and effective interest rates of the notes issued by the Arena and DARTS companies in relation to the securitised mortgage loans (see also note 17) are:

Portfolio: Delta Lloyd Life

In millions of euros (unless indicated otherwise)	Amortised cost	Contract maturity date	Anticipated maturity date	Interest rate	Fair value
Arena 2000-I	542.2	10/2062	10/2010	EBed, range 6.1% - 10.5%	532.6
Arena 2002-I	445.9	06/2054	06/2009	EBed, range 5.3% - 6.1%	442.2
Arena 2003-I	306.4	05/2055	05/2011	EBed, range 4.3% - 5.2%	285.4
Total	1,294.5				1,260.3

Portfolio: Amstelhuys				
In millions of euros (unless indicated otherwise)	Fair value	Contract maturity date	Anticipated maturity date	Interest rate
Arena 2004-I	416.7	02/2037	02/2012	partly floating (3.6% - 4.6%) and Ebed 4.3%
Arena 2004-II	507.3	10/2051	10/2012	floating, range 3.8% - 4.7%
Arena 2005-I	842.4	02/2063	02/2011	floating, range 3.6% - 4.6%
Arena 2006-I	762.4	12/2064	03/2013	floating, range 3.7% - 4.9%
Arena 2007-I	300.4	10/2049	10/2014	floating 4.8%
DARTS 2004-I	393.9	10/2066	10/2014	floating, range 3.7% - 4.7%
DARTS 2005-I	910.8	11/2064	11/2014	floating, range 3.6% - 4.6%
Total	4,133.8			

Portfolio: Delta Lloyd Bank Belgium					
In millions of euros (unless indicated otherwise)	Amortised cost	Contract maturity date	Anticipated maturity date	Interest rate	Fair value
Arena B	979.0	04/2044	10/2011	floating, range 3.5% - 4.7%	874.7
Total	979.0				874.7

No changes in fair value of the securitised mortgage loans occurred due to changes in credit ratings of Delta Lloyd Group, Amstelhuys or Delta Lloyd Bank Belgium. The nominal value of the loans measured at fair value through profit or loss at 31 December 2008 amounted to € 4,539.4 million (2007: € 4,950.6 million).

Description and features of the loans as at 31 December		
In millions of euros	2008	2007
Subordinated debt		
Fonds NutsOhra perpetual loan	172.4	172.4
Fonds NutsOhra	21.7	21.7
ABN AMRO Bank	-	12.4
Aviva plc	206.4	205.6
	400.5	412.1
Securitised mortgage loans		
Delta Lloyd Levensverzekering	1,294.5	1,825.5
Amstelhuys	4,133.8	4,827.3
Delta Lloyd Bank Belgium	979.0	999.2
	6,407.3	7,652.0
Amounts owed to credit institutions	1,625.9	916.7
Convertible loan	9.3	9.3
Other	97.1	482.1
Total	8,540.2	9,472.2

Fonds NutsOhra

The 2.5% perpetual subordinated loan notes were issued to finance the acquisition of NutsOhra Beheer BV in 1999. They are convertible into ordinary shares in Delta Lloyd NV, should there be a public offering of those shares. These loan notes have a face value of € 489.9 million but, because they are considered to be perpetual, their carrying value is € 172.4 million, calculated in 1999 and based on the future cash flows in perpetuity discounted back at a market rate of interest. The rate of interest paid on the notes is being gradually increased to a maximum of 2.76% in 2009. The fair value of the subordinated loan is € 272.2 million (2007: € 185.7 million).

A 5% 30 year € 21.7 million subordinated loan cum warrant, available for drawing in five tranches of € 4.3 million each, beginning on 1 September 2003 and ending on 7 May 2006. The warrant entitles the holder to 23,553 Delta Lloyd NV ordinary shares with a face value of € 9.08 each. The fair value at the end of 2008 is € 22.0 million (2007: € 16.7 million).

ABN AMRO Bank

The subordinated loan from ABN AMRO Bank was repaid in 2008.

Aviva plc

The 5% € 250 million subordinated loan cum warrant has a term of 30 years. The warrant entitles the holder to 270,861 Delta Lloyd NV shares with a face value of € 9.08 each. Upon the granting of the loan, this warrant was separated from the liability at fair value and included in shareholders' equity. The fair value of the € 250 million subordinated loan is €253.0 million (2007: 196.6 million).

The fair value of the long-term loans is based on the interest rates on long-term government bonds. The warrant included in the loan from Aviva plc and Fonds NutsOhra can be exercised if Delta Lloyd NV seeks stock exchange listing.

In the event of bankruptcy, subordinated loans rank lower than other liabilities, but higher than preference and other shares. The perpetual subordinated loan extended to Fonds NutsOhra ranks lower than other subordinated loans.

Movements in borrowings during the year		
In millions of euros	2008	2007
At 1 January	9,472.2	9,074.4
New borrowings drawn down, net of expenses	505.7	1,788.2
Repayments of borrowings	-902.1	-1,293.0
Net cash inflow / outflow	-396.4	495.3
Revaluation	-532.4	-84.1
Other adjustments	-3.3	3.3
Reclassified as assets held for sale	-	-16.6
At 31 December	8,540.2	9,472.2

1.1.6.31 (31) Payables and other financial liabilities

Financial liabilities as at 31 December		
In millions of euros	2008	2007
Savings	2,722.1	2,064.7
Demand deposits	1,029.1	1,007.5
Deposits	2,537.4	1,504.3
Total overdrafts	6,288.6	4,576.5
Third-party interests in investment funds	611.2	1,514.7
Other financial liabilities	263.2	262.6
Financial liabilities	7,163.0	6,353.9
Expected to be settled within one year	5,876.1	4,815.4
Expected to be settled in more than one year	1,287.0	1,538.5
Total	7,163.0	6,353.9

1.1.6.32 (32) Other liabilities

Other liabilities as at 31 December		
In millions of euros	2008	2007
Payables arising out of direct insurance	526.1	884.8
Payables arising out of reinsurance	84.7	91.9
Deposits received from reinsurers	415.6	1,036.3
Accruals and deferred income	462.7	345.2
Short-term creditors	1,815.4	1,833.1
Total	3,304.5	4,191.3

In millions of euros	2008	2007
Expected to be settled within one year	3,181.7	3,480.7
Expected to be settled in more than one year	122.8	710.6
Total	3,304.5	4,191.3

1.1.6.33 (33) Contingent liabilities and other risk factors**Uncertainty over claims provisions**

Note 23 gives details of the estimation techniques and assumptions used in determining the general business outstanding claims provisions and the life insurance business provisions respectively. The assumptions are designed to ensure that the provisions and the appropriate emergence of surpluses to pay future bonuses are prudent. Both provisions are estimated to give an estimated result. Due to the nature of the estimate process, for example where experience is worse than that assumed for life insurance business, or where assumptions over general business claims inflation may alter in the future, there is uncertainty in respect of this liability.

Asbestos, pollution and other environmental hazards

In the course of conducting insurance business, various companies within Delta Lloyd Group receive general insurance liability claims and, as a result, become involved in actual or threatened litigation, including claims in respect of pollution and other environmental hazards. Amongst these are claims in respect of asbestos production and handling in the United States of America. Given the significant delays that are experienced in the notification of these claims, the number of potential claims involved and the uncertainties associated with establishing liability and the availability of

reinsurance, the ultimate cost cannot be determined with certainty. However, Delta Lloyd Group's net exposure to such liabilities is not significant and, on the basis of current information and having regard to the level of provisions made for general insurance claims, Delta Lloyd Group considers that any additional costs arising are not likely to have a material impact on the financial position of Delta Lloyd Group.

Guarantees on life savings products

Note 35 gives details of guarantees and options given by various subsidiaries as a normal part of their operating activities, in respect of certain life insurance and fund management products.

Other

The company and several of its subsidiaries have guaranteed the overdrafts and borrowings of certain subsidiaries and associates. In the opinion of the directors, no material loss will arise in respect of these guarantees and indemnities.

In addition, in line with standard industry practice, various subsidiaries have given in recent years guarantees, indemnities and warranties in connection with disposals of subsidiaries and associates to third parties. In the opinion of Delta Lloyd Group, no material loss will arise in respect of these guarantees, indemnities and warranties. The nature of the guarantees and security provided does not require these to be valued in accordance with IAS 39.

Several claims have been submitted, all of which are being disputed. On the grounds of legal advice and information obtained, it has been assumed that these claims will not have a significant adverse effect on Delta Lloyd Group's financial position. Accordingly, no provision has been made.

1.1.6.34 (34) Commitments

Contractual commitments for acquisitions or capital expenditures of investment property, property and equipment and intangible assets that were not recognised in the balance sheet, as well as guarantees and collateral that were not recognised in the balance sheet, were as follows:

Commitments, guarantees and collateral not recognised in balance sheet		
In millions of euros	2008	2007
Intangible assets	4.3	10.6
Investment property	-	47.7
Repairs and maintenance	1.5	0.1
Investments	51.6	117.4
Property under construction	20.6	45.5
Contingent liabilities	724.5	1,241.8
Rental commitments < 1 year	9.9	11.2
Rental commitments 1 year < 5 years	32.0	30.9
Rental commitments > 5 years	13.1	18.0
Total	857.5	1,523.0

There are no subleases to third parties.

Contingent liabilities includes irrevocable facilities in an amount of € 529.3 million (2007: € 777.6 million).

Delta Lloyd Group will take over IT infrastructure services from IBM on 1 July 2009.

Delta Lloyd NV has committed to provide Delta Lloyd Lebensversicherung with € 48,0 million in additional capital before end-March 2009. In addition, it has issued a capital maintenance guarantee for 2010, should Delta Lloyd Lebensversicherung's capital position deteriorate due to profit sharing.

Operating lease commitments

Future aggregate minimum lease payments under non-cancellable operating leases (including rental commitments) were as follows:

Minimum lease payments for operating leases		
In millions of euros	2008	2007
Within one year	12.9	12.9
Between one and five years	64.7	42.3
More than five years	0.2	0.5
Total operating lease commitments	77.8	55.7

1.1.6.35 (35) Risk management policies

Governance framework

The primary objective of Delta Lloyd Group's risk management is to protect the Group from any influence that impacts the sustainable achievement of Delta Lloyd Group's objectives and financial performance, including the ability to exploit opportunities. The critical importance of having efficient and effective risk management systems in place has been recognised. Delta Lloyd Group has an established governance framework in place; this framework contains three key elements:

- clear terms of reference for the Board, its committees, and the associated executive management committees;
- a clear organisation structure with documented delegated authorities and responsibilities (largely through role profiles); and
- a Group policy framework which sets out risk appetite, risk management, control and business conduct standards for Delta Lloyd Group's operations. Each policy has a member of senior management in charge to oversee compliance throughout Delta Lloyd Group.

Integration of risk and capital management

Delta Lloyd Group has developed an Internal Capital Assessment (ICA) framework for identifying the risks to which each of its business units and Delta Lloyd Group as a whole are exposed, and quantifying their impact on the volatility of economic capital. The ICA estimates how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk. This is carried out by all parts of Delta Lloyd Group. Although the ICA is an internal process, Delta Lloyd Group shared ICA information with the Dutch insurance regulator and intends to continue this in the future. Alongside the ICA model that is based on a one-year horizon, Delta Lloyd Group makes use of multi-year stochastic risk models for both life and general insurance operations. These models enable Delta Lloyd Group to test and assess its long-term risk policy.

It is expected that the future regulatory risk measurement requirements can be largely met by the ICA models. The stochastic models are in the first instance intended for internal use and, apart from providing insight into various types of risk, can also be used for pricing and performance measurement.

Delta Lloyd Group risk structure

In 2006, four committees were set up to ensure effective decision-making on all risk management issues. Ultimately the Group Risk Committee (GRC) takes all decisions in this field. The GRC is advised by three committees:

- Financial Risk Committee
- Insurance Risk Committee
- Operational Risk Committee

The FRC advises the GRC on financial risks. A number of proposals to limit sensitivity to market risk were put forward in 2008. Structural policies were proposed during 2008 to measure, manage and monitor equity, credit, property and interest rate risk. This has led to a range of measures and policies. In 2009, this work will be extended and the subject of risk budgeting will be developed.

Procedures have been drawn up for each committee, and approved by the GRC.

Impact of regulatory context on nature of the risks

A significant portion of Delta Lloyd Group's life insurance savings operations consists of products where the majority of investment risks are borne by the policyholders. Risks attributable to policyholders are actively managed to ensure that such risks are prudent and that they satisfy the policyholders' risk and reward objectives. Delta Lloyd Group informs its policyholders of the risks inherent in its products before and after these have been contracted, by means of the financial leaflet, for example.

In addition, Delta Lloyd Group's insurance operations are subject to local regulatory requirements in the jurisdictions in which the Group operates, which prescribe the type, quality and concentration of investments to be maintained in order to meet local insurance liabilities. These requirements help to ensure that the Delta Lloyd Group's risk levels are maintained at an acceptable level. Solvency II is not expected to be fully operational before 2012. Solvency II will replace the Solvency I regime, with the minimum required solvency henceforth being calculated according to the actual risks assumed by the insurer. Delta Lloyd Group closely monitors the Solvency II debate and is an active participant in the quantitative impact studies that are currently being conducted. In addition, Delta Lloyd Group already incorporates the expected outcomes of this debate into the models currently being developed. In 2009, Delta Lloyd Group will take further steps to implement Solvency II.

Management of insurance and financial risk

Delta Lloyd Group issues contracts that transfer insurance risk, financial risk or both. This section summarises these risks and the way Delta Lloyd Group manages these risks. The Insurance Risk Committee (IRC) and the Financial Risk Committee (FRC) prepare policy and oversee the implementation of this policy.

Insurance risk

Delta Lloyd Group uses the results of the Internal Capital Assessment (ICA) to quantify the order of magnitude of the insurance risks in the insurance portfolio. This assessment is performed on a quarterly basis. When required, risk measures will be adjusted accordingly.

General, disability and health insurance risk

Risk management of the general insurance portfolios focuses on risk mitigation through strict underwriting policies, adequate claims handling procedures and risk-based reinsurance treaties. Notwithstanding those measurements Delta Lloyd Group managed to increase the insurance portfolio and to strengthen its technical provisions (obtaining a high level of adequacy). Delta Lloyd Group's view is that a large portfolio benefits of risk diversification and hence reduces overall risk. Besides, the risk profile of the general insurance portfolio is measured using an integrated risk-based capital model. The model identifies underwriting risk, reserving risk, catastrophe risk and business risk. The frequency and severity of claims is simulated on a stochastic basis. In the Netherlands the major catastrophic risk is windstorm in combination with hailstorm both with a severe impact. Future claim payments are also simulated on a stochastic basis. The results give insight into the sources of uncertainty and are managed accordingly.

When a concentration of risks could occur (for instance when underwriting a number of properties that are in close proximity) Delta Lloyd Group's underwriting policy prohibits acceptance of these risks if the total insured amount on a risk location exceeds the thresholds set by the reinsurance contracts.

Risks arising under life insurance contracts

The risk management of the life insurance portfolios focuses on risk mitigation by underwriting policies, adequate pricing and reserving policies as well as reinsurance treaties. Delta Lloyd Group manages the longevity risk through consistent strengthening of the technical provisions in combination with balanced product mix management.

The mortality risk caused by Spanish flue type pandemics does not exceed the current risk limits set by Delta Lloyd Group. New developments in pandemic diseases are closely followed by the (re) insurance industry and medical advisors.

The portfolio in force was investigated in terms of insurance options and guarantees, like guaranteed annuity options and indexation options. The investigation identified no options and guarantees other than those Delta Lloyd Group was already aware of. Based on actual experience adequate provisions are held for the known options and guarantees.

Future premium receipts are surrounded by a few sources of uncertainty. If market interest rates increase sharply it is expected but not proved that the lapse rates of individual life insurance contracts will increase. Investigation provided no solid proof for a strong correlation between lapse rates and the level of the market interest rate.

If the market interest rate remains at the current low level or even decreases further, there is uncertainty surrounding the renewal rate of group pension contracts. The development of future premiums very much depends on market conditions at that specific moment.

Transparency around unit-linked insurance

The public debate that started in 2007 on the lack of transparency concerning unit-linked insurance products continued. Criticism mainly concerned the cost and commission structure. The immediate cause of this debate was the publication of the conclusions of an exploratory survey of the unit-linked insurance market. This survey, which was conducted by the Netherlands Authority for the Financial Markets, served to prepare the AFM for its regulatory role. A limited number of customers, some acting through the Verliespolis Foundation, informed Delta Lloyd Group that from their perspective the product offered by Delta Lloyd Group no longer meets the transparency requirements that they have formulated.

In 2008, Delta Lloyd reached agreement on the use of standardised charges for unit-linked insurance. Policyholders can receive compensation based on these standardised charges either on the policy's expiry date or at the time the policy is ended early.

Terms and conditions

Uncertainty surrounding the timing and amount of cash outflows is an integral part of the nature of most life insurance contracts. However, insurance contracts do not contain any terms and conditions that could lead to material uncertainty of Delta Lloyd Group's cash flows other than those that form part of the regular business of Delta Lloyd Group, the risk of which is limited through risk management techniques and policies employed.

Unit-linked products whereby policyholder funds are partly invested in fixed interest instruments and equities at the discretion of the policyholder are exposed to risk. Most of the risk remains with the policyholder. Examples of these products include universal life and unit-linked products. Delta

Lloyd Group typically earns a fee on the asset balance held in relation to these products and therefore has a risk related to the investment performance. In addition, some of this business has minimum return or accumulation guarantees, which are often contingent upon the policy being continued to the expiry date. Delta Lloyd Group is at risk if investment returns do not exceed these guarantee levels and may need to set up additional reserves to fund these future guaranteed benefits. It is possible under certain circumstances that Delta Lloyd Group would need to establish additional provisions for minimum guaranteed benefits, which would reduce net income and equity. Furthermore, Delta Lloyd Group allows for developments in society when determining its assumptions as to the adequacy of insurance liabilities. These are described in more detail in note 23.

Life insurance contracts can be surrendered voluntarily by the policyholder. Policyholder decisions can affect future cash flows of those portfolios.

Sensitivity analysis - life insurance

The nature of the insurance business is such that a number of assumptions have been made in compiling the financial statements. These include assumptions concerning investment returns, lapse rates, mortality rates and expenses in connection with in-force policies.

The sensitivity of the insurance provisions and assets backing the provisions to changes in assumptions is set out below. For each sensitivity factor, all other assumptions have been left unchanged. In practice this is unlikely to occur and changes in some of the assumptions may be correlated, for instance change in interest rate and change in market values; change in lapses and future mortality. These sensitivities can be described as follows:

Sensitivities	
Sensitivity factor	Description of sensitivity factor applied
Interest rate	The impact of changing the interest rate by $\pm 1\%$ (e.g., review at 4% and 6% if the valuation interest rate is 5%). The test allows consistently for similar impacts on the unit-growth rate, bonus rates and expense inflation assumptions.
Expenses	The impact of increasing expense assumptions by 10%
Insurance mortality / disability	The impact of increasing the mortality / disability rate assumptions for insurance contracts by 5%

The above sensitivity factors, which are determined using actuarial and statistical models, have the following impact on the financial statements:

Participating insurance contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2008	Impact on equity before tax 2008	Impact on result before tax 2007	Impact on equity before tax 2007
Risk factor					
Interest rate	+1%	-120.6	-122.1	-9.8	-10.4
Interest rate	-1%	35.2	41.4	-42.3	-41.7
Equity securities / property	+10%	59.6	67.4	12.3	13.3
Equity securities / property	-10%	-55.5	-63.2	-12.3	-13.3
Expenses	+10%	-18.3	-18.3	-1.3	-1.3
Insurance mortality/morbidity	+5%	-4.0	-4.0	-0.2	-0.2

Non-participating insurance contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2008	Impact on equity before tax 2008	Impact on result before tax 2007	Impact on equity before tax 2007
Risk factor					
Interest rate	+1%	335.3	329.5	19.7	84.1
Interest rate	-1%	-203.4	-197.1	-7.1	-86.3
Equity securities / property	+10%	3.7	15.4	47.4	128.3
Equity securities / property	-10%	-3.7	-15.4	-45.3	-126.1
Expenses	+10%	-	-	-1.4	-1.4
Insurance mortality/morbidity	+5%	-	-	-1.3	-1.3

Participating investment contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2008	Impact on equity before tax 2008	Impact on result before tax 2007	Impact on equity before tax 2007
Risk factor					
Interest rate	+1%	33.2	20.4	-55.4	-55.3
Interest rate	-1%	-65.6	-52.3	-35.9	-35.9
Equity securities / property	+10%	21.2	23.9	1.8	1.8
Equity securities / property	-10%	-21.2	-23.7	-1.8	-1.8
Expenses	+10%	-23.9	-23.9	-8.8	-8.8

Investments allocated to equity					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2008	Impact on equity before tax 2008	Impact on result before tax 2007	Impact on equity before tax 2007
Risk factor					
Equity securities / property	+10%	166.0	171.4	213.3	632.2
Equity securities / property	-10%	-166.0	-171.4	-198.5	-617.4

Since changes in costs and mortality do not generally lead directly to an adjustment of the provision, the effect of changes in these risks in the above tables is relatively modest.

Sensitivity analysis - health, disability and general insurance

General insurance liabilities are estimated by using standard actuarial projection techniques. The main assumption underlying these techniques is that the company's past claims development experience can be used to project future claims development. As such these methods extrapolate the claims development for each accident year based on the observed development of earlier years. In several cases no explicit assumptions are made regarding future rates of claims inflation or loss ratios, instead the assumptions used are those implicit in the historic claims development on which the projections are based.

As such it is not possible to base sensitivity analysis on predetermined adjustments to the assumptions used to estimate the general insurance liabilities because explicit assumptions do not exist. Explicit assumptions only exist for disability business. Sensitivities for general insurance business are shown in the table below.

Gross of reinsurance General and Health contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2008	Impact on equity before tax 2008	Impact on result before tax 2007	Impact on equity before tax 2007
Risk factor					
Interest rate	+1%	-5.7	89.0	-3.3	-75.6
Interest rate	-1%	5.6	-100.8	2.4	81.9
Credit spreads	-1%	-	68.2	-	-
Property	+10%	0.0	-0.1	-	-
Property	-10%	0.0	0.1	-	-
Equity securities	+10%	-2.8	-48.4	-8.4	-53.6
Equity securities	-10%	2.8	48.4	8.4	53.6
Expenses	+10%	18.9	8.6	-11.8	-6.8
Loss ratio	+5%	119.1	119.1	-28.8	-28.8

Net of reinsurance General and Health contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2008	Impact on equity before tax 2008	Impact on result before tax 2007	Impact on equity before tax 2007
Risk factor					
Interest rate	+1%	-5.3	89.3	-3.5	-75.8
Interest rate	-1%	5.2	-101.1	2.7	82.2
Credit spreads	-1%	-	68.2	-	-
Property	+10%	0.0	-0.1	-	-
Property	-10%	0.0	0.1	-	-
Equity securities	+10%	-2.8	-48.4	-8.4	-53.6
Equity securities	-10%	2.8	48.4	8.4	53.6
Expenses	+10%	18.3	8.0	-11.2	-6.6
Loss ratio	+5%	115.3	115.3	-24.6	-24.6

The recent results of the risk-based capital model imply that the current financial position is more than adequate to cover the modelled risks. The model is developed in dedicated software, through a financial simulation engine that takes account of the uncertainties of the real world in business decisions and forecasting. Within Delta Lloyd Group the tool is used for Enterprise Risk Management (ERM), financial condition assessment, reinsurance retention studies, risk pricing and the calculation of capital requirements.

All Property & Casualty (P&C) business of Delta Lloyd Group is modelled at an aggregated level. The modelled business is divided into 7 coherent classes. The model measures underwriting, reserving, catastrophe and market risk of the general insurance business in a consistent way using calibrated stochastic scenarios. The model developed was adopted by most business units in 2006 for the purposes of risk and capital management (reinsurance policy/RBC). This model was developed further in 2008.

Limitations of sensitivity analysis

The above demonstrates the effect of a change in a key assumption while other assumptions remain unaffected. Such an occurrence in reality is very unlikely, due to correlation between the factors. Also be aware that these sensitivities are non-linear, and larger or smaller impacts cannot easily be gleaned from these results.

The above sensitivity analysis only measures the impact of changes in the key assumptions used for liabilities. Often, particularly in situations involving interest rate sensitivity, the overall impact on the organisation will depend on related value changes in assets and, as a consequence, on the success of asset and liability management. The sensitivity analyses do not take into consideration that Delta Lloyd Group's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs. The financial risk management strategy aims to minimise the exposure to market fluctuations, including selling investments, changing investment portfolio allocation and using derivative financial instruments.

Other limitations in the above sensitivity analyses include: the use of hypothetical market movements to demonstrate potential risk that only represent Delta Lloyd Group's view of reasonably possible near-term market changes that cannot be predicted with any certainty; the assumption that all interest rates move in an identical fashion.

A number of the business units use passive assumptions to calculate their liabilities. Consequently, the actual impact of a change in the assumptions for mortality or interest does not affect the insurance liabilities directly. Changes of experience assumptions can lead to inadequate provisions and, as a consequence, to adjustment of the provisions.

Maturity periods

The market value of part of Delta Lloyd Group's investments is exposed to potential fluctuations in interest rates. Exposure to interest rate risk is managed through the monitoring of several risk measures, which includes position limits, scenario testing, stress testing (Solvency at Risk) and asset and liability matching using measures like modified duration.

The following table summarises the contractual repricing dates or expected maturity dates (whichever is earlier) for fixed-rate and variable-rate financial liabilities. Since 2005, Delta Lloyd Group has used market interest rates to measure the insurance liabilities for many of its products. To date, the DNB swap curve was applied for this purpose. In view of the exceptional developments in the financial markets in 2008, the DNB swap curve is no longer representative of the market rate. Consequently, Delta Lloyd Group has decided to define the discount curve for its insurance liabilities from 1 January 2008 as the maximum of the DNB swap curve and a yield curve derived from collateralised AAA euro zone bonds. This curve is known as the 'DLG curve'.

Analysis of expected maturities of financial assets as at 31 December 2008					
In millions of euros	Within 1 year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2008
Debt securities	536.2	4,374.1	13,601.8	-	18,512.1
Derivatives held for fair value hedge accounting	1,295.1	68.8	-	-	1,363.9
Loans	3,719.4	2,991.4	11,881.9	-	18,592.7
Cash and cash equivalents	2,551.4	-	-	-	2,551.4
Total	8,102.2	7,434.3	25,483.7	-	41,020.2

Analysis of expected maturity of financial assets as at 31 December 2007

In millions of euros	Within 1 year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2008
Debt securities	1,373.6	3,440.4	13,787.3	-	18,601.3
Derivatives held for fair value hedge accounting	300.3	5.2	0.2	-	305.7
Loans	3,249.8	2,790.3	11,838.0	-	17,878.1
Cash and cash equivalents	957.9	-	-	-	957.9
Total	5,881.6	6,235.8	25,625.6	-	37,743.0

Analysis of expected maturity of financial liabilities as at 31 December 2008

In millions of euros	Within 1 year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2008
Non-linked insurance	1,362.3	5,937.8	8,651.7	5,791.0	21,742.8
Non-linked investment	242.0	1,087.1	1,108.1	699.9	3,137.1
Unit-linked	580.1	2,065.6	3,764.5	3,777.8	10,188.1
Total life insurance and investment contract liabilities	2,184.4	9,090.5	13,524.4	10,268.7	35,067.9
General insurance liabilities	883.6	725.7	396.1	65.0	2,070.3
Health insurance liabilities	636.5	96.8	-	-	733.2
Total	3,704.4	9,912.9	13,920.4	10,333.7	37,871.5

Health insurance liabilities are classified as 'liabilities relating to assets held for sale' in the consolidated balance sheet.

Analysis of expected maturity of financial liabilities as at 31 December 2007

In millions of euros	Within 1 year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2008
Non-linked insurance	1,267.1	5,370.4	7,347.8	4,975.3	18,960.6
Non-linked investment	330.0	753.3	677.9	388.6	2,149.8
Unit-linked	1,191.0	2,241.4	4,224.5	3,393.9	11,050.7
Total life insurance and investment contract liabilities	2,788.1	8,365.1	12,250.2	8,757.8	32,161.1
General insurance liabilities	748.5	758.7	333.5	60.1	1,900.8
Health insurance liabilities	531.2	317.3	1.6	3.2	853.3
Total	4,067.8	9,441.1	12,585.3	8,821.0	34,915.2

Embedded derivatives within insurance contracts

A part of the life insurance portfolio has a guaranteed maturity benefit. Except from the traditional life insurance contracts, guaranteed maturity benefits are granted on unit-linked contracts and segregated account contracts. There are strict conditions for execution of the guarantee, like participation in specified funds and allocation of premiums during a specified period. If the policyholder meets the conditions a return between 2% and 4% per annum is guaranteed on each premium. The height of the return depends on the issue date of the contract. The guarantee can only be executed at the maturity of the unit linked contracts and until the renewal date of the segregated account contracts.

The market value of the guarantee is calculated at year end and held as reserve. The market value is calculated using risk neutral scenarios.

Most non-linked life insurance contracts have a profit sharing option. The profit sharing is based on the market interest rate of a basket of government bonds with a specified duration. The return on the aforementioned basket is monthly presented by the regulator. The profit sharing takes in account the timing and amount of historical premium cash in flow. This method is widely used in the Dutch market.

Market risk

Market risk is the risk of adverse impact due to changes in fair values of financial instruments as a result of fluctuations in foreign currency exchange rates, interest rates, property prices and equity prices. Market risk arises within business units due to fluctuations in liabilities arising from products sold and the value of investments held. At Delta Lloyd Group level, it arises in relation to the overall portfolio of international businesses. The management of market risk is undertaken at three levels within the insurance business units, the Asset Management Division and at Delta Lloyd Group level. Policies and procedures are in place for each of the major components of market risk, described in more detail below.

Derivatives are used only to a limited extent, based on decisions reached by the GRC in consultation with the statutory directors of the insurance businesses and the banking divisions. Derivatives are used for investment or hedging purposes, or to structure specific retail-savings products. Speculative activity is generally not permitted. All derivative transactions are fully covered by either cash or corresponding assets and liabilities. Derivative contracts are entered into only with approved counterparties, in accordance with Group policies, thereby reducing the risk of credit loss. Delta Lloyd has recognised adverse effects on the value of its financial investments caused by the continuing turbulence in the financial markets. These are recognised as impairments on the financial investments as disclosed in note 15. Delta Lloyd Group continuously monitors the developments in the financial markets. As of yet there are no indications for further significant impairments. Furthermore Delta Lloyd Group does not intend to change the sensitivity analysis parameters and assumptions.

Foreign currency exchange risk

Delta Lloyd Group operates within the euro zone and thus is not materially exposed to foreign currency exchange risk arising from fluctuations in exchange rates of various currencies. Delta Lloyd Group's investments and investment income are affected by currency movements, in particular by movements in pounds sterling and US dollars. In managing its foreign currency exposures, the Group occasionally hedges investment positions in foreign currencies to limit the impact of fluctuations in exchange rates on profit and loss. Delta Lloyd Group does not apply hedge accounting under IAS 39 to offset foreign currency exchange risk. The majority of foreign currency exchange risk relates to unit-linked portfolios where the policyholder carries the investment risk. This means that Delta Lloyd Group is exposed to limited risk. As a consequence, no sensitivity analysis of foreign currency exchange risk is provided.

Net assets as at 31 December by principal currency		
In millions of euros	2008	2007
Euro	3,031.8	3,824.1
Pound Sterling	23.9	223.3
United States dollar	118.1	681.2
Other	112.0	344.8
Total	3,285.8	5,073.4

Interest rate risk

Interest rate risk arises primarily from a mismatch between investments and liabilities, and is managed through the use of a variety of derivative instruments, including swaptions and swaps, in order to hedge against unfavourable market movements in interest rates inherent in the underlying assets and liabilities. Delta Lloyd Group has various swaption agreements to mitigate the effects of potentially adverse interest rate movements. Monitoring was considerably expanded and intensified in 2008.

Property price risk

Delta Lloyd Group is subject to property price risk due to its holdings of investment properties in a variety of locations worldwide. At 31 December 2008, the Group had not entered into any material derivative contracts to mitigate the effects of changes in property prices.

Equity price risk

Delta Lloyd Group is subject to equity price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively monitored and managed through the use of derivative instruments, including futures and options, in order to mitigate potentially unfavourable market movements. It was decided in December 2007 to hedge part of the equity risk. Furthermore, the Group had no material holdings of unquoted equity securities.

Concentrations of risk

Delta Lloyd Group holds a relatively high percentage of the ownership of several equities in its portfolio. Due to that Delta Lloyd Group is slightly overweighted in certain titles if compared to certain major indexes. This strategy is driven by the fact that returns on 5% interests are tax-exempt. Dependent on the vision and results of calculations made by Delta Lloyd Group, positions are hedged against decreases of rates. Concentrations of risk are further minimised by the size of Delta Lloyd Group's investment portfolio and the asset management strategy adopted.

Correlations between market risk and other risks

A number of policyholder participation features have an influence on Delta Lloyd Group's interest rate risk. The following are the major features identified:

- guaranteed maturity benefit in traditional life insurance contracts;
- guaranteed surrender value in parts of the traditional life insurance contracts;
- profit-sharing option.

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations, or changes to the market value of assets caused by changed perceptions of the credit worthiness of such counterparties.

The Group faced the effects of sharply rising credit spreads on the value of the corporate bonds in its invested assets. Credit spreads create an additional risk of mismatch in the balance sheet, as the obligations are discounted using an interest rate structure which does not reflect the credit risk. Delta

Lloyd Group's management of credit risk includes measurement of large individual counterparty exposures where aggregate data is monitored at group level. In addition, Delta Lloyd Group actively manages the concentration of exposures by industry sector, Standard & Poor's credit ratings, currency, and geographic region in its investment portfolios.

Financial assets are graded according to credit ratings issued. AAA is the highest possible rating. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets which fall outside this range are classified as speculative grade. Delta Lloyd Group generally only invests in investment grade financial assets.

Credit risk as at 31 December							
In millions of euros	AAA	AA	A	BBB	Speculative rating	Not rated by Standard & Poor's	Total 2008
Debt securities	7,492.2	2,341.5	4,278.9	504.3	9.4	1,790.2	16,416.6
Loans and receivables	1,609.0	416.3	407.7	36.9	-	16,122.8	18,592.7
Reinsurance assets	18.9	507.4	73.4	5.5	-	97.2	702.4
Total	9,120.2	3,265.2	4,760.0	546.8	9.4	18,010.2	35,711.7

Credit risk as at 31 December 2007							
In millions of euros	AAA	AA	A	BBB	Speculative rating	Not rated by Standard & Poor's	Total 2007
Debt securities	7,397.3	2,125.3	1,103.2	255.1	5.3	2,762.1	13,648.3
Loans and receivables	1,588.6	489.7	406.4	65.0	-	15,328.4	17,878.1
Reinsurance assets	8.2	1,064.3	34.7	4.0	-	171.2	1,282.4
Total	8,994.1	3,679.3	1,544.4	324.1	5.3	18,261.7	32,808.9

The debt securities listed here only include securities held for Delta Lloyd Group's own account; the credit risk on debt securities pledge in relation to unit-linked business is assumed by the policyholder (see note 15).

The table below provides an overview of (i) the carrying amounts of impaired financial assets and (ii) an ageing analysis of financial assets that have not yet been impaired despite being owed.

Financial assets adjusted for impairment				
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 2008
Equity securities	12,601.4	-	1,124.0	13,725.4
Loans	18,081.0	266.3	245.4	18,592.8
Receivables and other financial assets	1,596.7	430.4	11.2	2,038.3
	32,279.1	696.7	1,380.7	34,356.4

Financial assets adjusted for impairment during previous reporting period				
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 2007
Equity securities	13,381.5	-	895.1	14,276.6
Loans	17,590.8	265.0	22.3	17,878.1
Receivables and other financial assets	2,876.9	142.1	2.0	3,021.0
	33,849.2	407.1	919.4	35,175.7

Maturity of financial assets that are past due but not impaired as at 31 December					
In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 2008
Loans	223.1	22.1	13.8	7.3	266.3
Receivables and other financial assets	398.8	10.9	16.5	4.1	430.4
Total	621.9	33.0	30.3	11.4	696.7

Maturity of financial assets that are past due but not impaired as at 31 December 2007					
In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 2007
Loans	236.1	15.0	4.0	9.9	265.0
Receivables and other financial assets	99.9	15.4	22.3	4.5	142.1
Total	336.0	30.4	26.3	14.4	407.1

The fair value of collateral under loans that have not yet been impaired despite being owed amounts to € 249.9 million at year-end 2008 (2007: € 200.6 million).

Delta Lloyd Group did not have any significant concentrations of credit risk exposure in 2008.

Reinsurance credit exposure

A balanced policy is in place to monitor and decide on reinsurance credit exposures and underwriting of new reinsurance contracts. The relationship with Aviva and reinsurance brokers provides continuous information about the quality of the Group's current reinsurers. By diversifying Delta Lloyd Group searches for the optimum between risk and return.

Liquidity risk

Delta Lloyd Group maintains a strong liquidity position. By pursuing an active cash management policy, Delta Lloyd Group aims to keep sufficient resources to meet its obligations in time. Delta Lloyd Group also has sizeable credit lines with several reputable financial institutions. As a result, the liquidity risk is limited.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. This definition is intended to include all risks to which Delta Lloyd Group is exposed, other than the financial risks described above, and strategic and Group risks that are

considered briefly below. Hence operational risks include, for example, IT, information security, project, outsourcing, legal, fraud and compliance risks.

As with other risk categories, line management of business areas bears primary responsibility for the effective identification, management and monitoring of risks and reporting to the business unit Executive and Group, in accordance with Group policies. Business unit risk management and governance functions are responsible for implementing Delta Lloyd Group risk management methodologies and frameworks to assist line management in this work. They also provide support and independently challenge the completeness, accuracy and consistency of risk assessments, and the adequacy of mitigating action plans. In this way, the business unit Executive satisfies itself that material risks are being mitigated and reported to an acceptable, predefined level. Operational risks are assessed according to the potential impact and probability of the event concerned. These impact assessments are made against financial, operational and reputational criteria. As with other risks, operational risks are reported to Group on a quarterly basis. Risks assessed by business units to be at the two highest impact assessments are escalated to Group during the quarter as well. A holistic view of Delta Lloyd Group's financial and non-financial risks, including operational risks, is monitored by the Group Risk Committee on a quarterly basis.

Financial reporting risks

Delta Lloyd Group implements SOx. In the year under review, the most important controls relating to financial reporting were identified. An ICT application for the structured recording of all controls and the outcomes of test programmes was installed. The test phase, during which the proper operation of all controls will be assessed, is expected to be completed in mid-2009. One important area of attention for the project is the impact of strategic changes at Delta Lloyd Group on internal control of the financial reporting processes.

Real value of financial assets and liabilities

Financial Assets				
In millions of euros	2008 Fair value	2008 Book value	2007 Fair value	2007 Book value
Debt securities	18,512.1	18,512.1	18,601.3	18,601.3
Equity securities	13,725.4	13,725.4	14,276.6	14,276.6
Derivatives held for fair value hedge accounting	1,363.9	1,363.9	305.7	305.7
Loans at fair value through profit or loss	6,102.6	6,102.6	5,898.3	5,898.3
Other loans and receivables	12,852.0	12,490.2	11,802.4	11,979.8
Other financial assets	772.5	772.5	857.1	857.1
Cash and cash equivalents	2,551.4	2,551.4	957.9	957.9
Total	55,879.9	55,518.1	52,699.3	52,876.7

Financial liabilities				
In millions of euros	2008 Fair value	2008 Book value	2007 Fair value	2007 Book value
Investment contracts	3,326.7	3,326.7	2,209.7	2,209.7
Subordinated debt	547.0	400.5	399.0	412.2
Amounts owed to credit institutions	1,625.9	1,625.9	916.7	916.7
Securitised mortgage loan notes	6,268.8	6,407.4	7,639.4	7,652.1
Derivatives	620.1	620.1	86.1	86.1
Other financial liabilities	7,163.0	7,163.0	6,353.9	6,353.9
Total	19,551.6	19,543.7	17,604.8	17,630.7

Fair value of financial assets by measurement method as at 31 December

In millions of euros	Measure- ment based on published prices	Measure- ment based on observable market variables	Measure- ment not based on observable market variables	Amortised cost	Total 2008
Debt securities	17,972.6	539.5	-	-	18,512.1
Equity securities	7,878.4	5,511.0	336.0	-	13,725.3
Derivatives held for fair value hedge accounting	81.3	1,282.6	-	-	1,363.9
Loans	-	6,102.6	-	12,852.0	18,954.6
Cash and cash equivalents	2,551.4	-	-	-	2,551.4
Other	-	772.5	-	-	772.5
Total	28,483.7	14,208.2	336.0	12,852.0	55,879.9

Fair value of financial assets by measurement method as at 31 December 2007

In millions of euros	Measure- ment based on published prices	Measure- ment based on observable market variables	Measure- ment not based on observable market variables	Amortised cost	Total 2007
Debt securities	17,617.8	983.5	-	-	18,601.3
Equity securities	9,626.5	4,326.5	323.6	-	14,276.6
Derivatives held for fair value hedge accounting	-	305.7	-	-	305.7
Loans	-	5,898.3	-	11,802.4	17,700.7
Cash and cash equivalents	957.9	-	-	-	957.9
Other	-	857.1	-	-	857.1
Total	28,202.2	12,371.1	323.6	11,802.4	52,699.3

The tables below give an overview of the fair value of financial assets for own risk. Policyholder risk assets have not been included, because Delta Lloyd does not bear any risk on these.

Fair value of financial assets own risk by measurement method as at 31 December

In millions of euros	Measure- ment based on published prices	Measure- ment based on observable market variables	Measure- ment not based on observable market variables	Amortised cost	Total 2008
Debt securities	11,393.8	522.6	-	-	11,916.4
Equity securities	2,134.9	2,036.8	336.0	0.0	4,507.7
Derivatives held for fair value hedge accounting	1.9	1,281.1	-	-	1,283.1
Loans	-	6,038.1	-	7,747.5	13,785.6
Cash and cash equivalents	2,551.4	-	-	-	2,551.4
Other	-	527.7	-	-	527.7
Total	16,082.0	10,406.4	336.0	7,747.5	34,571.9

Fair value of financial assets own risk by measurement method as at 31 December 2007

In millions of euros	Measure- ment based on published prices	Measure- ment based on observable market variables	Measure- ment not based on observable market variables	Amortised cost	Total 2007
Debt securities	11,316.3	874.4	-	-	12,190.7
Equity securities	3,510.3	1,384.6	323.3	-	5,218.2
Loans	-	5,644.0	-	9,709.0	15,353.0
Cash and cash equivalents	957.9	-	-	-	957.9
Other	-	750.9	-	-	750.9
Total	15,784.5	8,653.9	323.3	9,709.0	34,470.7

Fair value of liabilities by measurement method as at 31 December

In millions of euros	Measure- ment based on published prices	Measure- ment based on observable market variables	Measure- ment not based on observable market variables	Amortised cost	Total 2008
Investment contracts	3,326.7	-	-	-	3,326.7
Subordinated debt	-	-	-	547.0	547.0
Amounts owed to credit institutions	-	-	-	1,625.9	1,625.9
Securitised mortgage loan notes	-	4,133.8	-	2,135.0	6,268.8
Derivatives	46.5	573.6	-	-	620.1
Other financial liabilities	-	-	-	7,163.0	7,163.0
Total	3,373.2	4,707.4	-	11,470.9	19,551.6

Fair value of liabilities by measurement method as at 31 December 2007

In millions of euros	Measure- ment based on published prices	Measure- ment based on observable market variables	Measure- ment not based on observable market variables	Amortised cost	Total 2007
Investment contracts	2,209.7	-	-	-	2,209.7
Subordinated debt	-	-	-	399.0	399.0
Amounts owed to credit institutions	-	-	-	916.7	916.7
Securitised mortgage loan notes	-	4,827.3	-	2,812.1	7,639.4
Derivatives	0.6	85.5	-	-	86.1
Other financial liabilities	-	-	-	6,353.9	6,353.9
Total	2,210.3	4,912.8	-	10,481.7	17,604.8

Measurement based on published prices

Measurement is based on market value: the price quoted in an active market. An active market is one in which transactions take place with sufficient frequency and in sufficient volume so that prices are generated continuously.

Measurement based on observable market variables

Measurement uses market models based on external quotations, which ultimately lead to a market value for these financial instruments.

Measurement not based on observable market variables

This category includes financial instruments for which an internal model is used which is not based on market observation but which gives an indication of the actual market value using internal assumptions on the assumptions that the market would use to reach a value for the financial instrument.

Amortised cost

The carrying value of a financial instrument is calculated from the present value of future interest payments.

Sensitivity of fair values

Changes to the assumptions used in measurement that are not supported by recent market transactions should not have a major impact on equity or result.

1.1.6.36 (36) Derivative financial instruments

In millions of euros	Contract / notional amount 2008	Fair value asset 2008	Fair value liability 2008	Contract / notional amount 2007	Fair value asset 2007	Fair value liability 2007
Foreign exchange contracts						
OTC						
Forwards	789.9	33.1	34.2	1,303.1	4.5	4.6
Interest rate and currency swaps	3.4	0.0	0.0	19.9	1.1	-
Total foreign exchange contracts	793.3	33.1	34.2	1,322.9	5.6	4.6
Interest rate contracts						
OTC						
Forwards	45.0	0.7	0.9	50.0	0.3	0.2
Interest rate and currency swaps held for fair value hedge accounting	1,125.0	-	87.5	-	-	-
Interest rate and currency swaps not held for fair value hedge accounting	10,518.7	306.8	485.8	9,838.7	204.7	80.7
Options	8,525.0	618.8	-	400.0	12.9	-
Exchange traded						
Futures	167.0	1.7	0.1	77.2	-	0.6
Total interest rate contracts	20,380.7	928.1	574.3	10,365.9	217.9	81.6
Equity/index contracts						
OTC						
Forwards	-	-	-	0.0	-	-
Options	2,092.9	373.6	-	1,000.6	65.7	-
Exchange traded						
Futures	242.0	-	-	0.0	0.0	-
Options	3.5	6.2	-	507.2	16.5	-
Total equity/index contracts	2,338.4	379.8	-	1,507.8	82.2	-
Credit default swaps	505.0	22.8	11.6	-	0.0	-
Total	24,017.5	1,363.9	620.1	13,196.6	305.7	86.1

Fair value hedge accounting is only applied in the banking division.

The derivative assets have the following maturities

In millions of euros	Fair value asset 2008	Fair value asset 2007	Fair value liability 2008	Fair value liability 2007
Within one year	1,295.1	300.3	570.2	85.7
More than one year	68.8	5.4	49.9	0.4
	1,363.9	305.7	620.1	86.1

1.1.6.37 (37) Assets under management

Assets under management as at 31 December		
In millions of euros	2008	2007
Total funds under management in the consolidated balance sheet	55,286.0	54,360.2
Third-party funds under management	12,940.7	12,271.2
Total assets under management	68,226.7	66,631.4

Third-party funds under management include funds managed by Delta Lloyd Group that have not yet been recognised in the consolidated financial statements.

1.1.6.38 (38) Related party transactions

Services provided to related parties				
In millions of euros	Income earned in year 2008	Receivable at year end 2008	Income earned in year 2007	Receivable at year end 2007
Aviva group companies	56.6	123.2	59.2	92.2
Total	56.6	123.2	59.2	92.2

Services provided by related parties				
In millions of euros	Expenses incurred in year 2008	Payable at year end 2008	Expenses incurred in year 2007	Payable at year end 2007
Aviva group companies	43.9	1.1	36.2	6.3
Employee pension plans	75.1	1,534.0	18.0	1,465.8
Total	119.0	1,535.1	54.2	1,472.1

Related party transactions primarily involve transactions that have been entered into with the pension fund, as well as a loan and a reinsurance contract with an Aviva group entity.

The related parties payables are not secured and no guarantees were received in respect thereof. The payables will be settled in accordance with normal credit terms.

A maturity analysis of pension obligations is included in note 29 of the consolidated financial statements. The obligations to Aviva group companies are of a long-term nature.

Information concerning the emoluments, interests and transactions of members of the Executive Board and Supervisory Board are included in note 8 Remuneration of directors. In addition to the positions included in the above tables, Delta Lloyd Group has received three long-term loans. Two from Fonds NutsOhra and one from Aviva plc. Further information on these loans is included in note 30.

1.1.6.39 (39) Capital Management

The capital structure of Delta Lloyd Group is managed on the basis of the ICA (Internal Capital Assessment) balance sheet under IFRS. Based on different economic and operating scenarios, the required minimum capital is set for each individual entity. The total capital employed is allocated in such a way that the required minimum levels are met and the expected returns are maximised, while the operating income from the capital allocated is higher than the costs of capital.

Capital Management

In managing its capital, the Group 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. In addition, a significant proportion of the capital is held in equities and property, particularly in the general and health insurance operations;
- maintain financial strength to support new business growth and satisfy the requirements of its policyholders, regulators and rating agencies;
- retain financial flexibility by maintaining strong liquidity, including significant unutilised credit lines, and access to a range of capital markets; and
- allocate capital efficiently to support growth.

An important aspect of the Group's capital management process is the setting of after-tax profitability targets for the individual divisions. These targets are aligned to the performance objectives and ensure that the Group is fully focused on the creation of value for shareholders. The Group has a number of sources of capital available to it and seeks to optimise its debt to equity structure in order to ensure that it can consistently maximise returns to shareholders.

Total capital employed

Total capital employed is defined as shareholders' equity including preference shares plus the (perpetual) subordinated loans received from Fonds NutsOhra and Aviva plc., goodwill, prudency margin and other external debt. The composition was as follows:

Total capital employed		
In millions of euros	2008	2007
Total capital and reserves	3,018.3	4,836.0
Subordinated debt	409.8	409.1
Goodwill	-260.9	-205.4
Prudency margin	377.0	175.9
Other external debt	48.0	30.0
Total capital employed	3,592.2	5,245.6

At 31 December 2008, the Group's total capital employed amounted to € 3,592.2 million (2007: € 5,245.6 million), which was financed by equity, reserves, retained earnings, subordinated debt, goodwill, prudency margin and other external debt. In 2008, the total capital employed fell by € 1,653.4 million driven by the operating results and developments in capital and equity markets during the year.

Capital requirements

To provide high assurance that the demands of shareholders and policyholders are met, management has defined a minimum capital requirement. The required capital has been determined according to the ICA method, whereby the resilience of capital is measured in extreme scenarios. Delta Lloyd Group compares the total capital employed against the required capital at regular intervals.

The following table shows the development of the total capital employed (the ICA figure for 2008 being based on a preliminary calculation).

Total capital employed		
	2008	2007
ICA total balance sheet	114.0%	154.0%

The Group fully complied with the regulatory requirements, on both a local and consolidated basis, during the year.

Amsterdam, 24 February 2009

Executive Board

N.W. Hoek, *chairman*

P.J.W.G. Kok

P.K. Medendorp

H.H. Raué

Supervisory Board

R.H.P.W. Kottman, *chairman*

P.G. Boumeester

E.J. Fischer

J.G. Haars

J.H. Holsboer

A.J. Moss

Ph.G. Scott

M.H.M. Smits

1.2 Company financial statements

Company income statement for the year ended 31 December		
In millions of euros	2008	2007
Result from participating interests after tax	-80.3	759.6
Other result after taxation	-80.5	-14.7
Total result after tax	-160.8	744.9

Of the result on participating interests, an amount of € -86.1 million (2007: € 757.6 million) refers to Group companies and € 5.8 million (2007: € 2.0 million) to other participating interests.

Company balance sheet as at 31 December before appropriation of profit		
In millions of euros	2008	2007
Goodwill (I)	182.6	182.9
Total intangible fixed assets (I)	182.6	182.9
Participating interests in group companies (II)	3,901.8	5,056.5
Participating interests with significant influence (II)	77.3	93.7
Total financial fixed assets	3,979.0	5,150.2
Total fixed assets	4,161.7	5,333.1
Equity securities (III)	372.7	265.8
Long-term loans (III)	84.2	212.1
Short-term loans (III)	19.8	12.3
Receivables (IV)	593.4	686.7
Cash and cash equivalents	3.6	4.1
Total current assets	1,073.8	1,181.0
Total assets	5,235.5	6,514.1
Share capital (V)	107.1	107.1
Ordinary share premiums (V)	91.8	91.8
Participating interests reserve (V)	1,710.0	1,433.1
Revaluation reserve (V)	-136.4	1,294.1
Other reserves (V)	1,406.7	1,165.0
Unallocated profit (V)	160.8	744.9
Total equity	3,018.4	4,836.0
Provisions (VII)	29.2	61.4
Subordinated debt (VI)	409.8	409.1
Long-term borrowings	617.0	777.4
Total long-term liabilities	1,026.8	1,186.4
Other liabilities (VIII)	1,161.1	430.3
Total liabilities	2,217.1	1,678.0
Total equity and liabilities	5,235.5	6,514.1

1.2.1 Notes to the company financial statements

London-based Aviva plc is the ultimate holder of Delta Lloyd NV's entire ordinary share capital. In addition, Fonds NutsOhra holds an interest in the form of preference shares.

1.2.1.1 Accounting policies

The company financial statements of Delta Lloyd NV are prepared in accordance with the legal requirements of Title 9 of Book 2 of the Netherlands Civil Code. As the income statement of Delta

Lloyd NV for 2008 is incorporated in the consolidated financial statements, only an abridged company income statement is given here in accordance with article 2:402 of the Netherlands Civil Code.

The option to use the same accounting policies in the company financial statements as in the consolidated financial statements, as described in article 2:362 of the Netherlands Civil Code, is used. As a consequence, the accounting policies in the company financial statements are the same as the consolidated financial statements under note A to AE, except for the following:

Participating interests in group companies

Participating interests in group companies in which Delta Lloyd Group 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.

Impact of changes in accounting policies in 2007			
In millions of euros	2007 before changes in accounting policies	Pension obligations	2007 after changes in accounting policies
Balance sheet			
Participating interests in group companies	5,086.4	-29.9	5,056.5
Total equity	4,865.9	-29.9	4,836.0
Income statement			
Result on associates	753.7	5.9	759.6
Total result after tax	739.0	5.9	744.9

Impact of changes in accounting policies in 2008			
In millions of euros	2008 before changes in accounting policies	Pension obligations	2008 after changes in accounting policies
Balance sheet			
Participating interests in group companies	3,931.6	-29.9	3,901.7
Total equity	3,048.2	-29.9	3,018.3
Income statement			
Result on associates	-80.3	-	-80.3
Total result after tax	-160.8	-	-160.8

The cumulative impact of changes in accounting policies on equity for the years prior to 2007 amounts to minus € -35.8 million.

1.2.1.2 (I) Goodwill

Goodwill carrying value for the year ended 31 December		
In millions of euros	2008	2007
At 1 January	182.9	137.4
Additions	-	55.6
Other adjustments	-0.3	-10.1
At 31 December	182.6	182.9

Goodwill on Delta Lloyd Group investments in associates is included in the carrying amount of the associates.

In 2008, the definitive goodwill figure for Cyrte investments led to a downward adjustment of € -0.3 million.

1.2.1.3 (II) Participating interests in group companies

The following adjustments occurred in investments in subsidiaries and associates:

Adjustments in investments in subsidiaries and associates			
In millions of euros	Participating interests in group companies	Participating interests with significant influence	Total
At 1 January 2007	5,139.8	21.5	5,161.4
Disposals	-25.5	-	-25.5
Result for the year	757.6	2.0	759.6
Withdrawn dividend	-721.2	-0.3	-721.5
New equity capital	121.9	55.6	177.5
Fair value gains and losses through equity	-216.1	14.8	-201.4
At 31 December 2007	5,056.5	93.7	5,150.2
At 1 January 2008	5,056.5	93.7	5,150.2
Disposals	-	-18.6	-18.6
Result for the year	-86.1	5.8	-80.3
Withdrawn dividend	-482.7	-0.2	-482.9
New equity capital	779.2	16.4	795.6
Fair value gains and losses through equity	-1,365.1	-21.1	-1,386.3
At 31 December 2008	3,901.8	77.3	3,979.0

Outline of major companies at year end

Aviva plc, London is the ultimate holder of Delta Lloyd NV's entire ordinary share capital. In addition, Fonds NutsOhra holds an interest in preference shares.

The major group companies in which Delta Lloyd NV has an interest are (100% unless otherwise stated):

Holding

Delta Lloyd Verzekeringen NV (Amsterdam)
Delta Lloyd Bankengroep NV (Amsterdam)
Delta Lloyd Deutschland AG (Wiesbaden, Germany)
Delta Lloyd Houdstermaatschappij België BV (Arnhem)

Delta Lloyd Antillen NV (Curacao, Netherlands Antilles)
Delta Lloyd ABN AMRO Verzekeringen Holding BV (51%) (Zwolle)
Delta Lloyd Services BV (Amsterdam)
Amstelhuys NV (Amsterdam)
OHRA NV (Arnhem)
Cyrte Investments BV (85%) (Naarden)
Delta Lloyd Asset Management B.V. (Amsterdam)

Life

Delta Lloyd Levensverzekering NV (Amsterdam)
OHRA Levensverzekeringen NV (Arnhem)
Delta Lloyd Lebensversicherung AG (99.92%) (Wiesbaden, Germany)
Delta Lloyd Herverzekeringsmaatschappij NV (Amsterdam)
Delta Lloyd Vastgoed Fonds NV (Amsterdam)
Delta Lloyd Life NV (Brussel, België)
Swiss Life Belgium NV (Brussel, België)
ABN AMRO Levensverzekering NV (51%) (Zwolle)
Levensverzekering Maatschappij Erasmus NV (Rotterdam)

Investment funds

Delta Lloyd Rente Fonds NV (79.8%) (Amsterdam)
Delta Lloyd Investment Fund NV (94.6%) (Amsterdam)
Daedalus plc (94.7%) (Dublin, Ireland)

General

Delta Lloyd Schadeverzekering BV (Amsterdam)
OHRA Schadeverzekeringen NV (Arnhem)
B. Franco Mendes BV (Amsterdam)
Delta Lloyd Schadeverzekering NV Volmachtbedrijf BV (Amsterdam)
O.W.J. Schlencker Assuradeuren BV (Amsterdam)
'Praevenio' Technische Verzekeringen BV (Amsterdam)
OHRA Belgium NV (Sint-Pieters-Woluwe-Brussels, Belgium)
Schadeverzekering Maatschappij Erasmus NV (Rotterdam)
NOWM Verzekeringen NV (99.58%) (Groningen)
ABN AMRO Schadeverzekering NV (51%) (Zwolle)
ABN AMRO Assuradeuren BV (51%) (Zwolle)

Health

Delta Lloyd Zorgverzekering NV (The Hague)
Ohra Zorgverzekeringen NV (Den Haag)
OHRA Ziektekostenverzekeringen NV (Arnhem)

Bank

Delta Lloyd Bank NV (Amsterdam)
Delta Lloyd Bank NV (Brussels, Belgium)
Gries & Heissel Bankiers AG (Berlin, Germany)
On 1 January 2009, Swiss Life Belgium was merged with Delta Lloyd Life.

1.2.1.4 (III) Investments

Equity securities		
In millions of euros	2008	2007
At 1 January	265.8	284.6
Additions	275.0	75.1
Disposals	-66.9	-62.4
Fair value gains and losses	-54.8	-26.0
Impairment losses	-46.4	-5.6
At 31 December	372.7	265.8

Loans

The fair value of the total loan portfolio with an amortised cost of € 104.0 million (2007: € 224.4 million) amounted to € 104.0 million (2007: € 238.3 million).

1.2.1.5 (IV) Receivables

Receivables as at 31 December		
In millions of euros	2008	2007
Receivables from group companies	241.5	640.6
Receivables and other financial assets	2.9	3.2
Capitalised interest and prepayments	0.7	4.8
Current tax assets	348.3	38.0
Receivables	593.4	686.7

All receivables are short term.

1.2.1.6 (V) Equity

Statement of changes in equity		
In millions of euros	2008	2007
Share capital	107.1	107.1
Ordinary share premiums	91.8	91.8
Participating interests reserve		
At 1 January	1,433.1	1,383.7
Result on associates in prior year	759.6	770.8
Dividends received from associates	-482.7	-721.5
At 31 December	1,710.0	1,433.1
Revaluation reserves		
At 1 January	1,294.1	1,516.0
Movements in the value of investments	-75.9	-26.0
Movements in the value of participating interest	-1,364.0	-206.8
Taxes on the above movements	9.3	10.9
At 31 December	-136.4	1,294.1
Other reserves		
At 1 January	1,165.0	663.6
Dividends received from associates	482.7	721.5
Result of the holding company excluding prior year result on associates	-14.7	-46.2
Dividend paid	-226.4	-173.9
At 31 December	1,406.7	1,165.0
Unallocated profit		
Result for the year	-160.8	744.9
Total equity	3,018.3	4,836.0

The extent to which reserves included in the overview may be distributed is explained below.

Participating interests reserve

This reserve includes profits from participating interests, and may not be freely distributed, partly due to solvency requirements relating to participating interests. This reserve includes a legal reserve of € 581.2 million (2007: € 626.9 million) according to article 2:365 of the Netherlands Civil Code.

Revaluation reserve

The revaluation reserve includes unrealised movements in the value of investments held by the holding company. It also includes direct movements in the equity of associates that cannot be distributed without restrictions.

Other reserves

The item other reserves includes dividends received from subsidiaries and the result of the holding company. The reserves are freely distributable.

1.2.1.7 (VI) Subordinated loans

Carrying value

The following table provides information on the maturity periods and effective interest rates of the company's subordinated loans and preference shares.

Contractual repricing or maturity dates 2008

In millions of euros	More than five years	Total 2008
Subordinated debt	400.5	400.5
Preference shares	9.3	9.3
Total borrowings	409.8	409.8

Contractual repricing or maturity dates 2007

In millions of euros	More than five years	Total 2007
Subordinated debt	399.8	399.8
Preference shares	9.3	9.3
Total borrowings	409.1	409.1

Fonds NutsOhra

The 2.5% perpetual subordinated loan notes were issued to finance the acquisition of NutsOhra Beheer BV in 1999. They are convertible into ordinary shares in Delta Lloyd NV, should there be a public offering of those shares. These loan notes have a face value of € 489.9 million but, because they are considered to be perpetual, their carrying value is € 172.4 million, calculated in 1999 and based on the future cash flows in perpetuity discounted back at a market rate of interest. The rate of interest paid on the notes is being gradually increased to a maximum of 2.76% in 2009. The fair value of the subordinated loan is € 272.2 million (2007: € 185.7 million).

A 5% 30 year € 21.7 million subordinated loan cum warrant, available for drawing in five tranches of € 4.3 million each, beginning on 1 September 2003 and ending on 7 May 2006. The warrant entitles the holder to 23,553 Delta Lloyd NV ordinary shares with a face value of € 9.08 each. The fair value at the end of 2008 is € 22.0 million (2007: € 16.7 million).

Aviva plc

The 5% € 250 million subordinated loan cum warrant has a term of 30 years. The warrant entitles the holder to 270,861 Delta Lloyd NV shares with a face value of € 9.08 each. Upon the granting of the loan, this warrant was separated from the liability at fair value and included in shareholders' equity. The fair value of the € 250 million subordinated loan is € 253.0 million (2007: 196.6 million).

As outlined in note 20, the issued convertible preference shares A 1,024,000 (2007: 1,024,000) with a face value of € 9.08 per share are reported as convertible loan.

1.2.1.8 (VII) Provisions

Movement in provisions			
In millions of euros	Restructuring provisions	Other provisions	Total
At 1 January 2007	35.5	20.3	55.8
Additional provision made in the year	-	19.4	19.4
Unused amounts released	-1.4	-	-1.4
Withdrawal provision during the year	-5.0	-7.5	-12.5
At 31 December 2007	29.2	32.2	61.4
At 1 January 2008	29.2	32.2	61.4
Additional provision made in the year	-	9.2	9.2
Unused amounts released	-	-26.2	-26.2
Withdrawal provision during the year	-	-15.2	-15.2
At 31 December 2008	29.2	-	29.2

The restructuring provisions of € 29.2 million relates to the discontinuation of the activities of OHRA Belgium NV, a general insurer operating in the Belgian market. The entity will be wound up as soon as the remaining claim files have been closed.

1.2.1.9 (VIII) Other liabilities

Other liabilities as at 31 December		
In millions of euros	2008	2007
Current tax	-	21.0
Accrued interest	18.6	19.0
Debts to group companies	545.9	176.8
Credit on demand	473.0	187.7
Other	123.6	25.8
At 31 December	1,161.1	430.3

There are no liabilities with a term to maturity of more than year (2007: € 4.7 million)

Current tax assets and liabilities as at 31 December		
In millions of euros	2008	2007
Current tax assets	26.4	38.0
Deferred tax assets	321.9	-
Total tax assets	348.3	38.0
Current tax liabilities	-	2.0
Deferred tax liabilities	-	19.0
Total tax liabilities	-	21.0
Net tax asset / liability	-348.3	-17.0

Delta Lloyd NV is the parent company of the Delta Lloyd tax entity. The deferred tax asset includes € 325.8 million in unused tax losses of the Delta Lloyd NV tax entity. This amount is probably recoverable through future taxable profits.

Deferred tax assets and liabilities as at 31 December		
In millions of euros	2008	2007
Unrealised gains and losses on investments	19.6	24.1
Other temporary differences	-341.5	5.1
Net deferred tax asset / liability	-321.9	19.0

Movement in net deferred tax assets / liabilities		
In millions of euros	2008	2007
At 1 January	19.0	77.6
Amounts charged / credited to result	-331.6	-47.7
Amounts charged / credited to equity	-9.3	-10.9
At 31 December	-321.9	19.0

The company has no unrecognised tax losses.

1.2.1.10 (IX) Related party transactions

Services provided to related parties				
In millions of euros	Income earned in year 2008	Receivable at year end 2008	Income earned in year 2007	Receivable at year end 2007
Subsidiaries	204.7	313.4	113.6	801.4
Total	204.7	313.4	113.6	801.4

Services provided by related parties				
In millions of euros	Expenses incurred in year 2008	Payable at year end 2008	Expenses incurred in year 2007	Payable at year end 2007
Subsidiaries	86.1	545.9	88.7	954.2
Aviva group companies	-	-	12.5	214.9
Total	86.1	545.9	101.2	1,169.1

Related party transactions comprise intercompany loans between the holding and its subsidiaries, including interest. All related party transactions occur on an arm's-length basis.

Receivables from associates are further explained in note IV of the explanatory notes to the company financial statements.

The related party payables are not secured and no guarantees were received in respect thereof. The payables will be settled in accordance with normal credit terms.

1.2.1.11 (X) Off-balance sheet commitments

Off-balance sheet commitments		
In millions of euros	2008	2007
Investments	1.0	7.5
Contingent liabilities	5.2	41.9
Total	6.2	49.4

1.2.1.12 (XI) Employee information

Employee information for the year ended 31 December		
	2008	2007
Number in FTEs		
Permanent staff	621	577
Temporary staff	200	256
Total	821	833

Staff costs for the year ended 31 December		
	2008	2007
In millions of euros		
Salaries	50.6	33.3
External staff	64.2	23.7
Social security contributions	5.5	2.9
Pension and post-retirement expenses	68.9	0.5
Profit sharing and incentive plans	-16.9	22.1
Termination benefits	0.7	-
Other staff costs	16.0	7.9
Total	189.0	90.4

Information concerning the emoluments of members of the Executive Board and Supervisory Board are included in note 8 of the consolidated financial statements.

All staff are employed by Delta Lloyd Services BV. The costs included in the table above represent recharges from Delta Lloyd Services to the company. This recharge is based on allocated staff numbers and includes all related expenditure.

1.2.1.13 (XII) Accountancy fees

Fees paid to auditor		
	2008	2007
In millions of euros		
Audit fee	1.1	6.2
Other accountancy fees	0.2	2.0
Total	1.3	8.2

The audit fees for 2007 include amounts which have been invoiced in respect of work performed in prior years.

Amsterdam, 24 February 2009

Executive Board

N.W. Hoek, *chairman*

P.J.W.G. Kok

P.K. Medendorp

H.H. Raué

Supervisory Board

R.H.P.W. Kottman, *chairman*

P.G. Boumeester

E.J. Fischer

J.G. Haars
J.H. Holsboer
A.J. Moss
Ph.G. Scott
M.H.M. Smits

1.3 Other information

Except for the sale of the health operations to CZ Group as mentioned in paragraph 1.1.6.3, there are no other post balance sheet events.

1.3.1 Dividends and appropriation of profits

Profit appropriation provisions in the articles of association

Article 35, relating to the appropriation of result, if appropriate here, specifies that firstly a dividend of 2,5% on the fully paid-up and issued preference shares A should be added to the dividend reserve A (and if applicable, to the dividend reserve A). This percentage is increased annually by one percentage point of the last applicable percentage with effect from the financial year 2000 up to and including 2009.

From the profit, to the extent relevant, that is not added to the dividend reserve A, such additions shall be made to reserves as are determined by the Executive Board, subject to the approval of the Supervisory Board.

From the profit remaining after the aforementioned additions to reserves, a dividend shall be paid on the face value of all the preference B shares outstanding, at a percentage that is related to the average redemption yield on Dutch State loans with a weighted average remaining term to maturity of five years, recalculated after every period of five years of the issue of the preference share. The remaining profit shall be paid to the holders of ordinary shares in proportion to the shares they hold.

Profit appropriation

Upon adoption of the financial statements, the loss of € 160.8 million is charged to other reserves.

Auditor's report Ernst & Young dated 24 February 2009

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To the General Meeting of Shareholders of Delta Lloyd NV

Report on the financial statements

We have audited the accompanying financial statements 2008 of Delta Lloyd NV, Amsterdam as set out in section 1.1 and 1.2. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company profit and loss account for the year then ended and the notes.

The directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated 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 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Delta Lloyd NV as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 24 February 2009

Ernst & Young Accountants LLP

signed by N.G. de Jager

Financial statements of the Group for the year ended 31 December 2007

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1 Financial Statements

1.1 Consolidated financial statements

Delta Lloyd NV is a public limited liability company (“naamloze vennootschap”) incorporated and domiciled in the Netherlands. The company address is Amstelplein 6, 1096 BC Amsterdam. Together with its subsidiaries (collectively, the “Delta Lloyd Group”) it transacts life insurance and long-term savings business, most classes of general insurance and health business, banking and fund management through its subsidiaries, associates and branches in the Netherlands, Belgium, Luxemburg and Germany.

The reporting segments used within Delta Lloyd Group are based on the above activities. These segments are life insurance, general insurance, health insurance, banking and fund management. Further details are given in note 4.

CGU International Holdings BV of Amsterdam, a wholly-owned subsidiary of Aviva plc, with head offices in London, is the ultimate holder of Delta Lloyd NV’s entire ordinary share capital. In addition Funds NutsOhra (formerly: Stichting Nuts Ohra) holds an interest in the form of preference shares.

These financial statements have been authorised for issue by the Executive Board, following their approval by the Supervisory Board on 19 February 2008. The General Meeting of Shareholders is to adopt these financial statements at the Annual Meeting on 14 May 2008.

1.1.1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout Delta Lloyd Group, to all the years presented, unless otherwise stated. In order to enhance the insight some reclassifications have been made in the 2007 balance sheet and income statement. These reclassifications have not affected the amount or composition of the equity and result of Delta Lloyd Group.

Changes in accounting policies

The accounting policies used in the financial statements to determine the components of the insurance liabilities of several Life entities, and the accounting policies relating to part of the occupational disability liabilities in the Netherlands, have changed compared to the consolidated financial statements for 2006. Instead of being discounted at a fixed actuarial rate, liabilities are calculated at market rates based on the current DNB swap curve. This change was made because discounting at market rates gives better insight into the value of the related liabilities and thus provides more relevant information. Due to an adjustment to the reporting systems, this change is now possible for the related liabilities. To avoid an accounting mismatch, investments attributable to the portfolio in force are reclassified, where required, from assets available for sale to assets at fair value through profit or loss.

Starting in 2007, Delta Lloyd Group has also changed the recognition of actuarial gains and losses on obligations under defined benefit schemes. As investments on behalf of the Netherlands pension scheme are administered by a group life company on the basis of an insurance contract, these investments do not qualify as plan assets. The insurance liabilities of the Netherlands pension scheme and the associated entitlements are eliminated from the financial statements. In calculating the actuarial gains and losses on the pension scheme, solely gains and losses on defined benefit obligations are taken into account. Prior to 2007, the overall actuarial gain or loss for the year was added to the corridor. To make sure that the result reflects the economic matching between pension obligations and plan assets, actuarial gains or losses are partly taken to the income statement and amortised directly, allowing for actuarial gains and losses on plan assets / reimbursement rights, and

only insofar as actuarial losses on obligations are matched by actuarial gains on plan assets and vice versa.

The comparative figures at 31 December 2006 and the result for 2006 have been adjusted accordingly.

The impact of this change in accounting policies on the various lines in the financial statements is as follows:

Impact of changes in accounting policies in 2006				
In millions of euros	2006 before changes in accounting policies	Pension obligations	Technical provision for market interest rates	2006 after changes in accounting policies
Balance sheet				
Insurance liabilities	31,130.8	-	-33.7	31,097.1
Deferred tax liabilities	153.9	-37.0	8.6	125.5
Pension obligations	1,305.6	145.1	-	1,450.7
Total capital and reserves	4,605.7	-108.1	25.1	4,522.7
Income statement				
Change in insurance liabilities	-528.9	-	66.6	-462.3
Tax expense	-144.8	-	-18.2	-162.9
Net result attributable to equity	676.3	-	48.4	724.7

Impact of changes in accounting policies in 2007				
In millions of euros	2007 before changes in accounting policies	Pension obligations	Technical provision for market interest rates	2007 after changes in accounting policies
Balance sheet				
Insurance liabilities	31,334.8	-	-42.7	31,292.1
Deferred tax liabilities	236.3	25.7	10.9	272.9
Pension obligations	1,562.0	-100.7	-	1,461.3
Total capital and reserves	4,822.7	75.0	-31.8	4,865.9
Income statement				
Change in insurance liabilities	-253.4	-	-42.7	-296.1
Other operating expenses	-920.7	100.7	-	-820.0
Tax expense	-12.2	-25.7	10.9	-27.0
Net result attributable to equity	695.7	75.0	-31.8	739.0

The cumulative impact of changes in accounting policies on equity for the years prior to 2006 amounts to minus € 131.4 million.

1.1.1.1 (A) Basis of presentation

Delta Lloyd Group prepares its consolidated financial statements using International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The European Union endorsed a Standard and an Interpretation during 2007: IFRS 8, *Operating segments* and IFRIC 11, *IFRS 2 - Group and treasury share transactions*. Delta Lloyd Group decided

not to apply these Interpretations early. The early application of these Interpretations would not have affected Delta Lloyd Group's result and equity.

Delta Lloyd Group applied the following Standards/Interpretations for the first time in 2007: *IAS 1, Capital disclosures*, *IFRIC 7, Applying the Restatement Approach under IAS 29*, *IFRIC 8, Scope of IFRS 2*, *IFRIC 9, Reassessment of Embedded Derivatives*, and *IFRIC 10, Interim financial reporting and impairment*. The application of these Standards/Interpretations did not affect Delta Lloyd Group's result and equity.

In accordance with *IFRS 4, Insurance Contracts*, Delta Lloyd Group has applied existing practices under Dutch accounting guidelines for insurance and participating investment contracts, modified as appropriate to comply with the IFRS framework and applicable standards. For further details refer to accounting policy E. One exception to this is the designated insurance liabilities, which are measured on the basis of current market interest rates, as allowed for under IFRS 4. See accounting policy L for further details.

Unless stated otherwise, assets and liabilities are carried at historical cost. Where necessary, assets are shown net of impairment charges. Income and expenses are allocated in accordance with the matching principle. Expenses are accounted for in the expense category to which these relate. Insofar as related to the acquisition of new business, expenses are periodically transferred to acquisition costs. Further information on the recognition of acquisition costs is included in accounting policy J. For financial assets and liabilities that are of a current nature (i.e. recoverable/payable within one year) the difference between cost and fair value is deemed to be insignificant. Derivative financial instruments, which are measured at fair value irrespective of their term, are an exception.

Items included in the financial statements of each of Delta Lloyd Group's 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 Group's functional and presentation currency. Unless otherwise stated, the amounts shown in these financial statements are in millions of euros ("€ m"). Calculations in the tables are made using 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 balance sheet, 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 is considered more relevant. The current/non-current distinction is therefore not given for insurance-related items. Further details of their risk management are provided in note 35.

As the income statement of Delta Lloyd NV is incorporated in the consolidated financial statements, the condensed company income statement is presented in the company financial statements, in compliance with section 2:402 of the Netherlands Civil Code.

The consolidated cash flow statement is drawn up in accordance with the indirect method. A distinction is made between cash flows from operating, investing and financing activities. Cash flows arising from dividends, investment income and the purchase and sale of investments are classified as operating activities since they relate to the core activities of Delta Lloyd Group.

1.1.1.2 (B) Use of assumptions and estimates

The preparation of financial statements in accordance with IFRS requires Delta Lloyd Group to make estimates and assumptions that affect items reported in the consolidated balance sheet and income statement and the disclosure of contingent assets and liabilities at the date of the financial statements. The insurance liabilities are prone to estimates and assumptions. 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 made by management are explained in the relevant note. Actual results may ultimately differ, possibly significantly, from those estimates. Insofar as such estimates or assessments have a significant impact on the financial statements, an explanation is provided in note 26.

1.1.1.3 (C) Consolidation principles

Subsidiaries

Subsidiaries are those entities (including Special Purpose Entities) in which Delta Lloyd Group has power to exercise control over financial and operating policies in order to gain economic benefits. Subsidiaries are consolidated from the date on which effective control is transferred to Delta Lloyd Group and are excluded from consolidation from the date effective control is lost. To safeguard consistency, the accounting policies used by the subsidiaries have been aligned with those applied by Delta Lloyd Group. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between subsidiaries are eliminated.

Delta Lloyd Group recognises subsidiaries acquired in a business combination using the purchase method. The acquisition price is determined as the sum of the fair value of assets given up, equity instruments issued and any acquisition-related liabilities and direct costs. 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 Group'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 taken to the income statement.

Investment funds in which Delta Lloyd Group has power to exercise control, either directly or indirectly, are consolidated. As Delta Lloyd Group is obliged to acquire minority interests in such funds in the event that these are offered, they are classified as liabilities and appear as "financial liabilities" in the consolidated balance sheet (see note 31). These liabilities are recognised at fair value through profit or loss. See also accounting policy T and accounting policy I.

Associates

Associates are entities over which Delta Lloyd Group has significant influence, but which it does not control. Generally, it is presumed that Delta Lloyd Group has significant influence where it has between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. This method takes account of any goodwill calculated on acquisition net of impairment charges since the acquisition date. Under this method, the cost of the investment in the associate, together with Delta Lloyd Group's share of that associate's post-acquisition changes to equity, is included as an asset in the consolidated balance sheet. Where necessary, the accounting policies adopted by the associates were changed to ensure they are consistent with the policies adopted by Delta Lloyd Group. Delta Lloyd Group's share of their post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. Equity accounting is discontinued when Delta Lloyd Group no longer has significant influence over the investment. All intercompany transactions, balances and unrealised gains and losses on transactions with associates have been eliminated, unless unrealised losses provide evidence of impairments.

When Delta Lloyd Group's share of losses in an associate equals or exceeds its interest in the undertaking, Delta Lloyd Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the entity.

1.1.1.4 (D) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates for the functional currencies prevailing at the date of the transactions. 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. For monetary available-for-sale financial assets these are treated as if they are carried at amortised cost in the foreign currency. For such financial assets, exchange differences resulting from changes in amortised cost are recognised in profit or loss. Other changes in fair value are included in the investment revaluation reserve within equity.

Translation differences on non-monetary items, such as equities which are held at fair value through profit or loss (see accounting policy T), are reported as part of the fair value gain or loss, whereas such differences on available-for-sale equities are included in the investment valuation reserve within equity.

1.1.1.5 (E) Product classification

Insurance contracts are defined as those containing significant insurance risk and only if, at the inception of the contract, an insured event could cause an insurer to pay substantial additional benefits in a possible scenario, excluding scenarios that lack commercial substance. Insurance risk is considered significant if the payment on occurrence of an insured event differs at least 10% from the payment if the event does not occur. These contracts shall be considered insurance contracts throughout the remaining term to maturity, irrespective of when the insured event occurs. Any contracts not considered insurance contracts under IFRS are classified as investment or service contracts, without the entire premium income being recognised in the income statement. Contracts can be reclassified to insurance contracts after inception if insurance risk becomes significant.

Some insurance and investment contracts contain a participating feature, the value and timing of which depend on decisions taken by management. The participating feature is a contractual right to receive additional benefits as a supplement to guaranteed benefits. These contracts are referred to as discretionary participating contracts or DPF contracts if the additional benefits are likely to be a significant portion of the total contractual benefits, and if the amount of the benefit or the date of grant is at the discretion of Delta Lloyd Group. Furthermore, 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 Group or the profit or loss of Delta Lloyd Group, the fund or the subsidiary entering into the contract.

1.1.1.6 (F) Income and expenses relating to insurance contracts**Premiums**

Premiums on life insurance contracts and participating investment contracts are recognised as income when receivable. For single-premium business, this is the date from which the policy is effective. For regular-premium contracts and additional contributions, receivables are taken at the moment when payments are due. Premiums on unit-linked insurance contracts are recognised when the corresponding liabilities are recognised. Premiums are shown gross of commission and before any sales-based taxes or duties. When policies lapse due to non-receipt of premiums, all accrued premium income shall be debited to premium income from the date on which the policies are deemed to have lapsed.

General insurance and health premiums written reflect business incepted during the year, and exclude any sales-based taxes or duties. Unearned premiums are those proportions of the premiums written in a year that relate to periods of risk after the balance sheet date. Unearned premiums are computed principally on either a daily, monthly or quarterly pro rata basis. Premiums received from underwriting agents (relating to proxy contracts) are recognised with a three month delay.

Investment contracts without discretionary participation features (DPF) have no associated premium income. The recognition of fee income on such contracts is covered in accounting policy G.

Claims

Life insurance business claims reflect the expenses of all claims arising during the year, including handling costs, as well as policyholder bonuses accrued in anticipation of bonus declarations.

General insurance and health claims incurred include all losses occurring during the year, whether reported or not, related claims handling costs, a reduction for the value of salvage and subrogation, and any adjustments to claims outstanding from previous years.

Claims handling costs relate to internal and external costs incurred in connection with the settlement of claims. Internal costs include all direct expenses of the claims department and any related general administrative costs directly attributable to the claims function.

1.1.1.7 (G) Income and expenses relating to investment contracts

Fees

Investment contract policyholders are charged fees for policy administration, investment management, surrenders or other contract services. These fees are recognised as revenue in the period in which they are collected unless they relate to services to be provided in future periods. Amounts are recognised when the obligations to the policyholder have been adjusted for those fees. If the fees are for services to be provided in future periods, then they are deferred and recognised as the service is provided.

Policyholders are charged an initiation fee on some non-participating investment and investment management contracts. If the fee relates to an investment management services component, the fee is deferred and amortised as the services are rendered. 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 in the balance sheet, the fee forms part of the amortised cost value.

Claims

In respect of non-participating investment contracts, claims reflect the excess of amounts paid over the account balance released.

1.1.1.8 (H) Fee and commission income and expenses

Fee and commission income consists primarily of investment fund management fees, distribution fees from investment funds, commission revenue from the sale of investment fund shares, and intermediary fees. These fees are recognised when the services to which they relate are extended. Reinsurance commissions receivable and other commission income are recognised on the trade date.

Other fee expenses represent any uncapitalised commission expense paid during the reporting period to agents, advisers, brokers, and dealers (e.g. renewal commission).

1.1.1.9 (I) Net investment income

Investment income consists of dividends, interest and rental income receivable for the year, fair value changes in investments through profit or loss (as defined in accounting policy T) 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 on the basis of the rental period lapsed.

The realised gain or loss on 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 the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the year. Interest and dividend income is not recognised in net gains and net losses on financial instruments measured at fair value through profit or loss.

Income from securities lending is recognised and settled with the relevant counterparty on a quarterly basis. Income and expenses under repurchase agreements are included in the contractual transaction amount when the contract expires.

1.1.1.10 (J) Acquisition costs

Acquisition costs are fixed and variable costs arising from writing insurance contracts including direct costs and indirect costs.

Commission expenses and other acquisition costs for insurance contracts and discretionary participating investment contracts represent the acquisition commission costs and other acquisition costs incurred during the period for these contracts, less the amounts capitalised during the financial year, plus amortisation.

Transaction costs for non-participating investment contracts and non-discretionary participating investment contracts only include costs that are taken to the income statement during the term of these contracts. Transaction costs are incremental costs that are directly attributable to the acquisition of a financial asset or financial liability, and include fees, for example for commissions paid to advisers and brokers.

Acquisition costs relating to life insurance contracts are amortised over a period of eight to ten years, while those relating to general insurance contracts are amortised during the period that premiums are earned.

1.1.1.11 (K) Contracts with discretionary participation features (DPF contracts)

Under DPF contracts, investors are assigned a contractual right to additional investment returns achieved by the DPF investment fund. Delta Lloyd Group is entitled to decide whether this additional return is distributed to the policyholder or the shareholder, subject to the contract terms and conditions. It is not possible to calculate the fair value of these DPF contracts as additional returns cannot reliably be measured. In particular, these contracts are not actively traded. Given this, no further explanation of the fair value is provided.

The Netherlands

Except for one product from 'Nationaal Spaarfonds' (NSF), Delta Lloyd Group does not offer any products with discretionary participation features (DPF) in the Netherlands.

Belgium

The Belgian market consists of products with discretionary participation features only. The discretionary participation features (DPF) are described in a plan that contains the products, conditions and calculations for participation features. The actuarial service department and the Management Board defined this plan, which is approved by the shareholders' meeting and must be authorised by the Belgian insurance regulator (CBFA).

The contracts with discretionary participation features are insurance contracts as well as investment contracts.

Germany

Profit sharing for traditional insurance policies and single-premium investment bonds issued by Delta Lloyd Germany is based on the technical results plus the excess of interest-earnings over the base rate. A total of 91.7% of the excess interest-earnings and technical results is added to a provision for future allocation to policyholders. This percentage is based on management's assessment of the expected profit distribution, and includes the expected tax amounts. The allocation of this provision is at the discretion of the board of Delta Lloyd Germany.

Unallocated divisible surplus

In Germany the difference between the (net) assets and the (net) liabilities in relation to discretionary participating contracts is classified as a liability in a provision for unallocated divisible surplus.

1.1.1.12 (L) Insurance and DPF investment contract provisions**Life insurance business provisions**

In accordance with IFRS 4, Insurance Contracts, all insurance and DPF investment contract liabilities are recognised on the basis of the accounting policies that applied prior to the introduction of IFRS. As an exception, the provision for life insurance and participating investment contract liabilities have been calculated at market interest rates (instead of fixed interest) in the Netherlands and Belgium. This is the first adjustment towards the fair value measurement of the insurance liabilities in IFRS 4 Phase II.

Life insurance business provisions are calculated separately for each life operation, based on local regulatory requirements and actuarial principles consistent with those applied in the Netherlands. The provisions are calculated on the basis of assumptions, and generally include a margin for prudence. The assumptions used in the calculations depend on the specific situation of the entities. This also applies to the estimated margin for error (if any). The principal assumptions used are disclosed in note 23. Within the life insurance business provisions, explicit allowance is made for vested bonuses, including those arising contractually from unit fund valuation. Movements in provisions are taken to the income statement.

The provision in respect of guaranteed benefits for participating insurance contracts is calculated in accordance with prevailing actuarial principles, using a deterministic approach and a prudent set of valuation assumptions.

Changes in accounting policies

Since 2005, Delta Lloyd Group has used market interest rates to calculate the insurance liabilities under many of its products. From 1 January 2007, the majority of the remaining life insurance liabilities is also calculated on the basis of market interest rates. The comparative figures have been adjusted accordingly. The impact on the result and equity is explained in note 1.1.1 of the accounting policies.

Liability adequacy test

IFRS 4 requires an adequacy test for life insurance business provisions to be incorporated at each reporting date, so that losses do not remain unrecognised; Delta Lloyd Group's existing accounting policies meets the following minimum requirements:

- the test considers current estimates of all contractual and related cash flows, such as claims handling costs, as well as cash flows resulting from embedded options and guarantees; and
- if the test shows that the provision is inadequate, the entire deficiency is charged to the income statement.

The test is performed on a company level for each portfolio component. Examples of portfolio components include the portfolios for immediate annuities, temporary term insurance contracts, savings products, unit-linked policies, etc. Both the provision for in-force contracts and the new business provision must be adequate.

General and health insurance

General insurance and health claims incurred include all losses occurring during the year, whether reported or not, as well as related handling costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Movements in provisions are taken to the income statement.

(i) Outstanding claims provisions

Outstanding claims provisions for general insurance and health are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs. Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, including the insurance of environmental and pollution exposures. The ultimate cost cannot be known with certainty at the balance sheet date. Anticipated benefit payments as a result of disability claims are discounted, using either a fixed rate of three or four percent or the current DNB swap curve. Any estimate represents a determination within a range of possible outcomes. Further details of estimation techniques used are given in note 23.

Outstanding claims provisions are valued net of an allowance for expected future recoveries. Recoveries include assets that have been acquired by exercising rights to salvage and subrogation under the terms of insurance contracts.

Outstanding claims provisions include 'claims incurred but not reported' (IBNR) and claims handling costs. For health insurance the IBNR provision also covers future costs for policyholders living outside the Netherlands with chronic diseases.

Claims handling costs include all costs in connection with the settlement or payment of claims, and are recognised in the income statement when the claims to which the costs relate are recognised in the income statement. This includes costs such as legal fees, doctors' fees, loss adjusters' fees, and internal and external claims handling costs. Related costs also include costs that cannot be associated with specific claims, but are related to claims paid or in the process of settlement, such as internal costs of the claims functions and a proportion of overheads.

Outstanding claims provisions include a margin for prudence. According to the guidelines of Delta Lloyd Group, this margin should have an adequacy level of at least 85% for general insurance contracts (excluding disability contracts). If the margin for prudence is higher than 99%, the guidelines provide for the release of the amount in excess of the 99% confidence level.

(ii) Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred in a provision for unearned premiums. The change in this provision is taken to the income statement during the risk period in question to ensure that the premium reflects the insured risk throughout the policy period.

(iii) Provision for unexpired risks

A provision for unexpired risk is included when the provision for unearned premiums is deemed inadequate.

(iv) Other premium provision

For health insurance business relating to policyholders living outside the Netherlands a so-called actuarial provision for medical expenses is held to cover the expected shortfall between future claims and future premiums in accordance with the methods stipulated by the supervisory authorities.

(v) Liability adequacy test

Every three months Delta Lloyd Group carries out an adequacy test for general insurance business provisions on any overall excess of expected claims and capitalised acquisition costs over unearned premiums, using the current estimates of future cash flows under its contracts after taking account of the investment return expected to arise on assets relating to the relevant general business provisions. If these estimates show that the carrying amount of its insurance liabilities (less related capitalised acquisition costs and acquired value in force / AVIF) is insufficient, Delta Lloyd Group forms an additional provision in the income statement.

(vi) Salvage and subrogation

Some insurance contracts allow Delta Lloyd Group to sell property (usually damaged) when settling a claim (e.g. salvage). Delta Lloyd Group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

For disclosure purposes these reimbursements have been estimated. This estimated reimbursement is reflected in note 23 'Change in insurance liabilities' as recoveries on claims payments.

Other assessments and levies

Delta Lloyd Group is subject to various periodic insurance-related assessments or guarantee fund levies. Related provisions are established when there is a present obligation (legal or constructive) resulting from a past event. Such amounts are not included within insurance liabilities but are disclosed under note 29 'Pension obligations and other provisions' in the balance sheet.

1.1.1.13 (M) Non-DPF investment contracts**Provisions**

Liabilities for non-participating investment contracts are measured at amortised cost, with the exception of unit-linked liabilities. Liabilities under unit-linked contracts are measured at fair value as this eliminates the accounting mismatch that arises if assets and liabilities, and gains or losses thereon, are measured on the basis of different accounting policies.

The fair value of the liability is initially established through the use of prospective discounted cash-flow techniques. For unit-linked contracts, the fair value liability equals the fair unit fund value, plus additional non-unit-linked provisions, if required on a fair value basis. The costs to be attributed to these contracts arising from the addition of interest to the liability were deducted from investment returns.

Amortised cost is calculated as the fair value of the consideration received at the date of initial recognition, less the net effect of initial payments such as transaction costs and front-end fees. During subsequent periods, the cumulative amortisation (using the effective interest rate method) of any difference between that initial amount and the maturity value is either added or deducted, less any write-down for surrender payments. The effective interest rate is the rate at which the discounted cash payments are equal to the initial amount. At each reporting date, the amortised cost provision is determined as the estimated value of future cash flows discounted at the effective interest rate.

1.1.1.14 (N) Reinsurance

Delta Lloyd Group assumes and cedes reinsurance in the normal course of business, with retention limits varying by type of insurance contract. Reinsurance assets assumed are recognised in the same way as direct business, taking into account the product classification of the reinsured business. The cost of reinsurance related to insurance contracts is accounted for over the life of the underlying reinsured policies, using assumptions consistent with those used to account for the original policies.

Reinsurance assets primarily include balances due from reinsurance companies on ceded reinsurance. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

If a reinsurance asset is impaired, Delta Lloyd Group reduces the carrying amount accordingly and recognises that impairment loss in the income statement. A reinsurance asset is impaired if there is objective evidence, resulting from an event that occurred after initial recognition of the reinsurance asset, that indicates that Delta Lloyd Group may not receive all amounts receivable under the terms of the contract, and if the impairment can be measured reliably.

Delta Lloyd Group only reinsures its contracts with reinsurance companies that are rated and/or whose creditworthiness is approved by the group reinsurance credit committee. For contracts with a long duration, such as life, disability or liability reinsurance, a double A rating is required as a minimum. For short-term reinsurance a lower rating may be acceptable.

Reinsurance expenses represent the commissions paid to reinsurers.

1.1.1.15 (O) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Delta Lloyd Group's share of net assets, including the (contingent) liabilities, of the acquired subsidiary at 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 often when circumstances or events point to possible impairment. Goodwill is written down for impairment where the recoverable amount is insufficient to support its carrying value.

The recoverable amount is defined as the discounted value of the expected future profit flows generated by the cash generating unit (value in use) and the fair value, less selling expenses.

Goodwill has been tested for impairment as follows:

To test for possible goodwill impairment, the recoverable amount of the relevant cash generating units has been determined on the basis of a discounted cash flow calculation. This calculation is an appraisal value and is based on the discounted expected future cash flows from the operations over a

25-year period. Goodwill relating to the ABN AMRO Insurance division has also been tested using the discounted cash flow method. Cash flows have been discounted over the remaining life of the contract with ABN AMRO Bank (25 years).

Expected cash flows for future periods have been obtained from the plan figures for the 2008-2010 period. Expected cash flows for later periods have been extrapolated, taking into account the growth rate.

Key assumptions used for the calculation are:

- Growth rate represents the rate applied to extrapolate new business contributions beyond the business plan period, and is based on management's best estimate of future growth. The rate is in line with industry expectations and varies between 0.0% and 2.5%.
- Risk-adjusted discount rate represents the rate used to discount expected profits from future new business. The discount rate is a combination of a risk-free rate and a risk margin to make prudent allowance for the risk that experiences in future years may differ from those assumed. The rate is fixed at 6.7% (2006: 6.7%).
- The applied risk premium is between 2.0% and 5.0%, depending on the risk level of the activities involved.

No material changes were made to these assumptions compared to the previous year.

Further details on goodwill allocation and impairment testing are given in note 10.

Acquired value of in-force business (AVIF)

The present value of future profits on a portfolio of insurance and (discretionary) participating investment contracts acquired, either directly or through the purchase of a subsidiary, is recognised as an intangible asset. In all cases, the AVIF is amortised over the useful life of the related contracts in the portfolio on a systematic basis. Amortisation is based on the profile of the additional value of in-force business acquired and the expected resultant depletion in its value pursuant thereto. The value of the acquired in-force insurance business is reviewed annually for any impairment in value and any reductions are charged as expenses to the income statement. The measurement of the AVIF is based on the development of the corresponding insurance liability.

Other intangible assets

Other intangibles include software and customer relationships and distribution channels valued in relation to an acquisition. Their initial recognition on acquisition takes place at fair value (cost). During subsequent periods they are recognised at cost net of amortisation and impairment. Both purchased software and internally developed software are included. The latter, however, only qualifies for recognition if it is identifiable, if Delta Lloyd Group has power to exercise control over such software and if such software will generate positive future cash flows. Purchased and proprietary software is amortised using a straight-line method over their useful lives, with 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 the fair value can be measured reliably. Customer relationships gained through the acquisition of ABN AMRO Insurance in the Netherlands and Bank Nagelmackers in Belgium (up to the end of 2005) are capitalised and amortised in three and five years respectively.

On the acquisition of ABN AMRO Insurance the access to the ABN AMRO distribution channel was separately identified as an intangible asset which is amortised over 30 years. This represents the

duration of the agreement with ABN AMRO Bank. Access to the distribution channels recognised on the acquisition of Erasmus Verzekeringen and Eurolloyd is amortised over 20 years.

Amortisation periods for AVIF and other intangible assets are reviewed once a year. If the estimated values deviate from previous estimates, the amortisation period is adjusted.

1.1.1.16 (P) Property and equipment

Owner-occupied properties are carried at their historical cost less accumulated depreciation and impairment. The historical cost of assets that take longer to develop, and owner-occupied properties in particular, also includes capitalised borrowing costs. When such properties are sold, the difference between the carrying value and the selling price is included in profit or loss for the period in which the properties are sold. All other items classed as equipment within the balance sheet are carried at historical cost less accumulated depreciation.

Investment properties under construction are included within property and equipment until completion, and are stated at cost less any provision for impairment.

Depreciation is calculated using the straight line method to write down the cost of the other items of property and equipment to their residual values over their estimated useful lives as follows:

Property and equipment	Estimated useful life duration
Land	No depreciation
Properties (own use)	40 years
Properties under construction	No depreciation
Motor vehicles	4 years
Computer equipment	4 years
Furniture, fixtures	5 years

In case an asset consists of different ‘components’ with different useful lives and/or different residual values, the asset is broken down into these components, which are then depreciated on a separate basis.

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 disposal of property and equipment, representing the difference between the sales price and the carrying value, are taken to the income statement.

Repairs and maintenance are charged to the income statement during 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 future economic benefits in excess of the most recently assessed standard of performance of the existing asset will flow to Delta Lloyd Group and the renovation replaces an identifiable part of the asset. Major renovations are depreciated over the remaining useful life of the related asset.

1.1.1.17 (Q) Investment property

Investment property is held for long-term rental yields and is not occupied by Delta Lloyd Group. Investment property is stated at its fair value, which is supported by market evidence, as assessed by qualified external valuers. Changes in fair value are recorded in the income statement within net investment income.

1.1.1.18 (R) Impairment of non-financial assets

Property and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. The selling price 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. The assessment as to whether an impairment has occurred takes place at the level of the separate asset or the smallest identifiable cash flow-generating entity. The recoverability review of the carrying amount of goodwill is performed at least once a year. See accounting policy O.

1.1.1.19 (S) Derecognition and offset of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or
(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.1.1.20 (T) Financial investments

Delta Lloyd Group classifies its investments as either financial assets at fair value through profit or loss (FV), available-for-sale financial assets (AFS), or loans and receivables (see accounting policy V). The classification depends on the purpose for which the investments were acquired, and is determined by Delta Lloyd Group at initial recognition. In general, the FV category is used where this eliminates an accounting mismatch. An accounting mismatch can exist for insurance contracts where the insurance liability is measured using market-based interest rates. Several securitised mortgages, the derivatives and related liabilities are managed on the basis of fair value. Delta Lloyd Group also evaluates their performance on the basis of fair value, in line with its risk strategy. The relevant assets are equally classified in this category. The fair value is determined on the basis of the current swap curve, while the probability of early repayment is set at 7%. Details of securitised mortgages are given in note 17.

The category 'at fair value through profit or loss' has two sub-categories - those that meet the definition as being held for trading and those Delta Lloyd Group chooses to designate as FV at initial recognition (referred to in this accounting policy as 'other than trading'). A number of investments held by the entities in Delta Lloyd Banking are classified in the held for trading category, as well as the derivatives.

Purchases and sales of investments are recognised at fair value plus transaction costs when the trade occurs; i.e., on the date on which Delta Lloyd Group commits to purchase or sell the assets. In case of purchases, the fair value includes transaction costs. In case of sales, transaction costs are deducted. Debt securities and other fixed income investments are initially measured at fair value including

transactions costs. For the purpose of the appropriation of the interest amounts in the income statement the amortised cost is set annually. Subsequently, the difference between the initial value and future repayment is charged or credited to the income statement in amortisation, using the effective interest rate method. The initial amortised cost is calculated as the fair value including transactions costs.

Investments classified as trading, other than trading and AFS are subsequently carried at fair value. Changes in the fair value of trading and other than trading investments are included in the income statement in the period in which they arise. Changes in the fair value of securities classified as AFS, except for impairment losses and relevant foreign exchange gains and losses, are recorded in a specific investment valuation reserve within equity.

The fair values of investments are based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios defined to reflect the specific circumstances of the issuer. Differences between the fair values and market values of financial assets thus calculated are negligible. Likewise, unrecognised differences between the market value and fair value at the first and last day of the reporting period are negligible. Preference shares are measured using the discounted cash flow method. The discount rate applied is the market interest rate based on the 10-year government bond yield; where necessary, this rate is increased by a bad debt risk margin. When securities classified as AFS are sold or impaired, the accumulated fair value adjustments are transferred out of the investment valuation reserve to the income statement.

Impairment

Delta Lloyd Group reviews the carrying value of its investments on a regular basis. If the carrying value of an investment is greater than the recoverable amount for a prolonged period, the carrying value is reduced through a charge to the income statement in the period of decline. The following policies are used to determine the level of any impairment:

(a) Financial assets carried at amortised cost

A financial asset or a group of financial assets is considered to be impaired when there is objective evidence of impairment as a result of events occurring after the date of the initial recognition (a 'loss event'), and when that event has an impact on the estimated future cash flows. Objective evidence that a financial asset or a group of assets is impaired includes observable data that comes to the attention of Delta Lloyd Group 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 that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the Group;
 - national or economic conditions that correlate with defaults on the assets in the Group.

Delta Lloyd Group first assesses whether objective evidence of impairments exists for financial assets that are individually significant. If Delta Lloyd Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses these 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 future estimated 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. Delta Lloyd Group can measure the impairment by using the fair value as a practical guideline.

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 added to the income statement.

(b) Financial assets carried at fair value

Delta Lloyd Group assesses at each balance sheet date whether objective evidence exists that an AFS financial asset is impaired. In the case of equity instruments classified as AFS this means a significant or prolonged decline in the fair value of the security below its cost. If such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the 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 AFS increases and the increase can be objectively related to an event occurring after the recognition of the impairment loss, the impairment is reversed through the income statement. Impairment losses on equity securities cannot subsequently be reversed via the income statement.

Financial assets carried at fair value with changes in the fair value recognised in the profit or loss are not subject to impairment testing. The fair value of these assets already reflects possible impairments.

1.1.1.21 (U) Derivative financial instruments

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 balance sheet at their fair value, which usually represents their cost. They are subsequently re-measured at their fair value, recognising movements in this value in profit or loss. Fair values are obtained from quoted market prices or, if these are not available, by using valuation techniques such as discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. Premiums paid for derivatives are recorded as an asset on the balance sheet at the date of purchase, representing their fair value at that date.

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. Derivatives are subject to various risks including market, liquidity and credit risk, similar to those related to the underlying financial instruments.

The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the balance sheet as they do not represent the potential gain or loss associated with such transactions. These amounts are disclosed in note 36.

Delta Lloyd Group does not apply hedge accounting under IAS 39 to eliminate hedging gains and losses.

1.1.1.22 (V) Loans and receivables

Loans and receivables with fixed maturities, including policyholder loans, issued loans, mortgage loans, securitised mortgages and loans, are recognised when cash is advanced to borrowers. These loans, excluding certain mortgages, which are described below, are initially carried at their fair value. Subsequent valuation is based on amortised cost, using the effective interest rate method. To the extent that loans and receivables are not collectible, they are written off as impaired. Subsequent recoveries are credited to the income statement.

The recognition of impairment losses on loans is explained under (a) of accounting policy T.

1.1.1.23 (W) Capitalised acquisition costs

The costs directly attributable to the acquisition of new business for insurance and participating investment contracts are capitalised provided these costs are covered by future margins on these contracts. For non-participating investment contracts and investment fund management contracts, incremental acquisition costs and sales enhancements that are directly attributable to securing investment management services, are also capitalised.

Life insurance business capitalised acquisition costs are amortised systematically over a period no longer than the period in which they are expected to be recovered out of these margins. Deferrable acquisition costs for investment management services in relation to non-participating investment contracts are amortised over the period in which the service is provided. General insurance and health capitalised acquisition costs are amortised over the period in which the related revenues are earned. The reinsurers' share of capitalised acquisition costs is amortised consistent with the underlying asset.

Capitalised acquisition costs are reviewed by category of business at the end of each reporting period and are written off where they are no longer considered to be recoverable.

1.1.1.24 (X) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments with less than 90 days maturity from the date of acquisition. For the purposes of the cash flow statement, cash and cash equivalents also include bank overdrafts, which are included within payables and other financial liabilities on the balance sheet.

1.1.1.25 (Y) Borrowings

Borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost, and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Notes issued by Delta Lloyd Levensverzekering and Delta Lloyd Bank Belgium in relation to securitised mortgage loans are recognised at amortised cost. Amstelhuys NV recognises these notes at fair value through profit or loss in the income statement under 'other operating income', even though they were initially recognised as loans and receivables under IAS 39. The total of the financial assets and financial liabilities relating to securitised mortgages is managed on the basis of fair value, and their performance is also evaluated on the basis of fair value. This means that the Fair Value Option under IAS 39 is applied. These notes are restated to fair value through profit or loss at each period end, using the actual three-month EURIBOR rates. Differences between the fair values and market values thus calculated are negligible. Details of the notes are given in note 30.

As explained in note 30, the fair value of borrowings is calculated on the basis of future cash flows discounted at a market interest rate.

1.1.1.26 (Z) Share capital

Share issue costs

External costs directly attributable to and resulting from the issue of new shares, are shown in equity as a deduction, net of tax, from the proceeds.

Reserves

Reserves consist of the share premium account, the revaluation reserve and other reserves. The share premium account includes calls paid on shares in excess of the face value. The revaluation reserve only comprises the revaluation of AFS investments, including value changes taken to equity less deferred tax liabilities and less any part of the revaluation allocated to the DPF provision.

Dividend available for distribution

Dividend available for distribution on ordinary shares is recognised in equity in the period in which they are declared and, for the final dividend, approved by shareholders. Dividend available for distribution on preference shares is recognised in the income statement as interest cost or taken to equity in the period in which they are declared and approved, dependent on the classification of the financial instruments.

1.1.1.27 (AA) Leases

Leases, where a significant portion of the risks and rewards of ownership is retained by the lessor, are recognised as operating leases. Payments made as lessees under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

There are no material finance leases affecting Delta Lloyd Group as either lessor or lessee.

1.1.1.28 (AB) Provisions and contingent liabilities

Provisions are recognised when Delta Lloyd Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the scope of the obligation can be made. If Delta Lloyd Group deems it virtually certain that a provision will be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset.

The reorganisation provisions include redundancy payments to employees and the cost of non-cancellable rental commitments.

Delta Lloyd Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Liabilities that do not meet the criteria for recognition as outlined above are disclosed as contingent liabilities in the notes, unless the possibility of an outflow of economic benefits is deemed to be remote.

1.1.1.29 (AC) Employee benefits

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service bonuses accumulated up to the balance sheet date.

Pension obligations

Delta Lloyd Group operates a number of defined benefit as well as defined contribution plans in all countries in which it operates, the assets of which are generally held in separated investment funds. The pension plans are generally funded by payments from employees and by the relevant subsidiaries, taking account of the recommendations of qualified actuaries.

For defined benefit plans, the pension costs and obligations are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees, in accordance with actuarial calculations. Additionally, the interest cost and the expected return on plan assets are included in the pension cost. 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. Plan assets at fair value are deducted from pension obligations. The resulting pension scheme surplus or deficit appears as an asset or obligation in the consolidated balance sheet, reflecting the extent to which repayments can be expected. Plan assets are assets held by a fund that is legally separated from Delta Lloyd Group, with the exception of non-transferable financial instruments issued by the Group. These plan assets may only be used to pay employee benefits; they may not be used to meet any other obligations of the Group. Delta Lloyd Group has opted to use the 'corridor approach' under IAS 19 for the principal pension scheme in the Netherlands. As a result the actuarial gains and losses relating to the defined benefit obligation which fall within the limits of the corridor are not recognised in the income statement. The actuarial gains and losses on the defined benefit obligation falling outside the limits of the corridor are recognised in the income statement over the remaining working lives of the participants in the pension scheme. Furthermore, under certain conditions, as disclosed in note 29, Delta Lloyd Group has opted to recognise a part of the actuarial gains and losses directly in the income statement.

For defined contribution plans, Delta Lloyd Group pays contributions to collectively or individually administered pension plans. Once the contributions have been paid, Delta Lloyd Group, as employer, has no further payment obligations. Delta Lloyd Group's contributions are charged to the income statement.

In the Netherlands the Delta Lloyd pension fund has reinsured its pension obligations with Delta Lloyd Levensverzekering, a subsidiary, and as a result the related investments do not qualify as plan assets. To avoid an overstatement of the assets and the liabilities, the insurance liabilities and the associated cash flows are eliminated. See note 29 for details.

Other employee benefits

Some subsidiaries offer retirees or their surviving dependants certain benefits on reaching retirement age. The entitlement is usually paid in the form of compensation of social security contributions. Delta Lloyd Group additionally offers long-service bonuses, leave schemes for senior employees and early retirement schemes.

Following the introduction of the Health Insurance Act in the Netherlands in early 2006, the partial compensation of health insurance premium payments for retired employees has been discontinued.

Share-based and performance-related compensation plans

All share-based compensation plans in effect at Delta Lloyd Group are administered by Aviva plc, the parent company, and based on Aviva plc shares. The options granted can be exercised during a three-year period after the date of grant. The exercise price depends on the increase in value of the Aviva plc shares relative to a group of peer companies. The exercise period is a maximum of five years after the date of vesting. All costs relating to these plans are borne by Aviva. This plan terminated at the end of 2003. Issued options remain valid after termination of the plan.

Delta Lloyd Group has operated a Phantom Option Plan since 2004. Under this plan phantom options are annually granted on a conditional basis to certain staff members and the management of Delta Lloyd Group. An initial payment is not required. A phantom option entitles the holder to receive in cash the increase in value of a 'performance unit' measured from the date of grant until the date of exercise. Subject to the fulfilment of the set performance criteria, the phantom options will vest at the end of the performance period. The vesting date is exactly three years after the date of grant of the options. The performance unit is the 'basis' of the phantom option. The holder is entitled to the increase in value of the performance unit. The exercise period is five years from the vesting date. The number of options granted that will vest depends on the relative growth of the performance unit, which is determined on the basis of the embedded value of Delta Lloyd Group compared to peer companies.

A provision is included for the costs that are expected to be incurred in relation to this Plan. This provision is determined on the basis of the number of issued options multiplied by the expected probability of vesting and the expected exercise price. The provision is formed during a period of three years and is charged to income, assuming a discount rate of 4% and an expected increase in the phantom option price of 7%. Staff turnover is also taken into account.

1.1.1.30 (AD) Income taxes

The tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years and changes in deferred tax assets and liabilities. Tax is allocated over the result before taxation and amounts charged or credited to reserves, as appropriate.

Provision is made for deferred tax liabilities and deferred tax assets on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from depreciation of property and equipment, revaluation of certain financial assets and liabilities, including derivative and insurance contract liabilities, provisions for pensions, other post-retirement benefits and tax losses carried forward. The rates enacted or substantially enacted at the balance sheet date are used to determine the deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be compensated.

Deferred taxes are not provided in respect of temporary differences arising from the initial recognition of goodwill, or from goodwill for which amortisation is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit or loss at the time of the transaction.

Deferred tax related to fair value re-measurement of AFS investments and other amounts taken directly to equity is recognised in the balance sheet as a deferred tax asset or liability.

1.1.1.31 (AE) Discontinued operations and assets held for sale

Assets held for disposal as part of operations which are discontinued or held for sale are recorded at the lower of their carrying amount and their fair value, less the expected cost to sell the assets.

1.1.2 Consolidated income statement

Consolidated income statement for the year ended 31 December		
In millions of euros	2007	2006
Income (5)		
Gross written premiums (F, 5)	5,304.5	4,312.2
Outward reinsurance premiums (5)	-188.6	-179.9
Net written premiums	5,115.9	4,132.4
Change in unearned premiums provision	6.2	-0.1
Net premiums earned (F, 4, 5)	5,122.2	4,132.3
Fee and commission income (G, H, 5)	342.5	323.8
Investment income (5)	1,870.1	2,098.6
Share of profit or loss after tax of associates (C, 5)	-3.2	2.9
Investment income (I, 5)	1,866.9	2,101.5
Other operating income (Y, 5)	132.6	86.1
Total investment and other income (4, 5)	2,342.0	2,511.5
Total income (4, 5)	7,464.2	6,643.8
Expenses (6)		
Net claims and benefits paid (6)	3,983.4	3,153.4
Change in insurance liabilities (including liabilities for participating investment contracts) (6)	296.1	462.3
Profit sharing and discounts	133.1	89.5
Expenses relating to the acquisition of insurance and investment contracts	615.7	567.4
Expenses relating to the acquisition of other contracts	50.8	54.8
Other operating expenses (6)	815.1	826.7
Finance costs (6)	757.2	576.0
Total expenses	6,651.3	5,730.1
Result before tax from continuing operations (4, 5)	812.9	913.7
Current tax (AD, 9)	27.0	162.9
Result after tax of discontinued operations (AE, 3)	-4.4	8.3
Net result	781.4	759.1
Attributable to:		
Equity	739.0	724.7
Minority interests	42.4	34.4
Net result	781.4	759.1

The accounting policies (identified alphabetically) and notes (identified numerically) are an integral part of these accounts.

1.1.3 Consolidated balance sheet

Consolidated balance sheet as at 31 December		
In millions of euros	2007	2006
Assets		
Goodwill (O, 10)	205.4	162.5
AVIF and other intangible fixed assets (O, 11)	195.6	171.2
Capitalised acquisition costs (W, 19)	207.9	205.9
Property and equipment (P, 12)	225.2	246.3
Investment property (Q, 13)	2,168.1	2,025.2
Associates (C, 14)	340.3	39.4
Deferred tax assets (AD, 27)	11.7	11.9
Debt securities (T, 15)	18,601.3	19,442.4
Equity securities (T, 15)	14,276.6	14,617.2
Derivatives (U, 15, 36)	305.7	200.4
Loans at fair value through profit or loss (V, 15)	5,898.3	5,120.2
Other loans and receivables (V, 15, 16)	11,979.8	11,660.8
Reinsurance assets (H, N, 24)	1,282.4	1,356.2
Plan assets (AC, 29)	19.8	7.2
Inventory real estate projects (A, 19)	83.7	83.8
Receivables and other financial assets (A, 18)	3,021.0	2,528.2
Current tax assets	74.1	24.9
Capitalised interest and prepayments	503.7	593.7
Cash and cash equivalents (X)	957.9	1,100.1
Assets held for sale (AE, 3)	1,957.5	-
Total assets	62,316.1	59,597.6
Capital and reserves		
Share capital (Z, 20)	107.1	107.1
Ordinary share premiums	91.8	91.8
Revaluation reserves (21)	1,278.1	1,505.4
Revaluation reserves of assets held for sale (3)	5.4	-
Retained earnings (22)	3,383.5	2,818.4
Total capital and reserves	4,865.9	4,522.7
Minority interests	237.4	199.7
Equity	5,103.3	4,722.4
Liabilities		
Insurance liabilities (L, 23)	31,292.1	31,097.1
Expenses attributed to investment contract liabilities (K, L, M, 25)	2,209.7	2,721.1
Pension obligations (AC, 28, 29)	1,459.8	1,450.7
Provisions for other liabilities (AB, 28)	107.7	107.7
Deferred tax liabilities (AD, 27)	237.6	125.5
Borrowings (Y, 30)	9,472.2	9,074.4
Derivatives (U, 36)	86.1	116.2
Financial liabilities (C, 31)	6,353.9	5,975.8
Current tax liabilities	45.4	323.8
Other liabilities (A, 32)	4,191.3	3,882.9
Liabilities relating to assets held for sale (AE, 3)	1,756.9	-
Total equity and liabilities	62,316.1	59,597.6

The accounting policies (identified alphabetically) and notes (identified numerically) are an integral part of these accounts.

1.1.4 Consolidated statement of changes in equity

Consolidated statement of changes in equity								
In millions of euros	Ordinary share capital	Preference shares	Ordinary share premiums	Revaluation reserves	Retained earnings	Total capital and reserves	Minority interests	Total equity
At 1 January 2006	29.9	77.1	91.8	1,242.2	2,333.0	3,774.1	171.9	3,946.0
Impact of changes in accounting policies	-	-	-	-	-131.3	-131.4	0.0	-131.4
Restated opening balance 2006	29.9	77.1	91.8	1,242.2	2,201.6	3,642.8	171.9	3,814.6
Gross fair value gains and losses	-	-	-	528.3	-	528.3	-5.6	522.8
Transfer available-for-sale equity relating to DPF contracts	-	-	-	26.6	-	26.6	-	26.6
Realised gains/losses on revaluations on financial instruments available for sale	-	-	-	-281.3	-	-281.3	-	-281.3
Foreign exchange differences	-	-	-	0.4	-	0.4	0.0	0.4
Aggregate tax effect	-	-	-	-10.7	-	-10.7	-0.9	-11.6
Net gains and losses not recognised in income statement	-	-	-	263.2	-	263.2	-6.5	256.7
Result for the year	-	-	-	-	724.7	724.7	34.3	759.0
Total income and expenses	-	-	-	263.2	724.7	987.9	27.9	1,015.8
Dividends	-	-	-	-	-107.9	-107.9	-0.0	-107.9
At 31 December 2006	29.9	77.1	91.8	1,505.4	2,818.4	4,522.7	199.7	4,722.4
At 1 January 2007	29.9	77.1	91.8	1,505.4	2,818.4	4,522.7	199.7	4,722.4
Gross fair value gains and losses	-	-	-	239.5	-	239.5	-4.7	234.7
Transfer available-for-sale equity relating to DPF contracts	-	-	-	-13.2	-	-13.2	-	-13.2
Realised gains/losses on revaluations on financial instruments available for sale	-	-	-	-519.3	-	-519.3	-	-519.3
Acquisition of interest in subsidiaries/associates	-	-	-	-	-	-	0.1	0.1
Foreign exchange differences	-	-	-	-1.2	-	-1.2	-0.0	-1.2
Disposal of associate	-	-	-	-0.1	-	-0.1	-0.1	-0.1
Aggregate tax effect	-	-	-	72.3	-	72.3	-	72.3
Net gains and losses not recognised in income statement	-	-	-	-221.9	-	-221.9	-4.6	-226.5
Result for the year	-	-	-	-	739.0	739.0	42.4	781.4
Total income and expenses	-	-	-	-221.9	739.0	517.1	37.8	554.9
Dividends	-	-	-	-	-173.9	-173.9	-0.1	-174.0
At 31 December 2007	29.9	77.1	91.8	1,283.5	3,383.5	4,865.9	237.4	5,103.3

Of the revaluation reserve, € 5.4 million relates to operations held for sale. Details are included in note 3.

Net fair value gains and losses relate to unrealised fair value gains and losses on financial assets held for sale.

The impact of changes in accounting policies on equity and the result after tax is described in more detail in 1.1.1.

Further details of dividend payments and dividend policy are provided in note 22.

The accounting policies (identified alphabetically) and notes (identified numerically) are an integral part of these accounts.

1.1.5 Consolidated cash flow statement

Cash generated form operations		
In millions of euros	2007	2006
Net result	781.4	759.1
Net result discontinued operations	-4.4	8.3
Net result excluding discontinued operations	785.8	750.8
Adjustments for:		
- Taxation	27.0	162.9
- Depreciation	21.0	22.2
- Amortization	287.1	312.1
Impairments of:		
- Intangible assets	0.2	4.9
- Financial investments	55.8	7.1
- Loans and receivables including insurance receivables	11.8	15.0
Result on sale of investment property	-0.1	0.1
Net unrealised fair value gains on financial assets and investment property	703.2	50.3
Share of profit or loss from associates	3.2	-2.9
Cash generating profit of the year	1,895.1	1,322.5
Net (increase)/decrease in intangible assets related to insurance and investment contracts	1.3	7.8
Net (increase)/decrease in other intangible assets	-16.5	-134.4
Net (increase)/decrease in investment property	-67.3	-252.0
Net (increase)/decrease in plan assets	-12.6	-2.0
Net (increase)/decrease associates	-5.0	1.5
Net (increase)/decrease in debt securities	149.4	2,517.8
Net (increase)/decrease in equity securities	-862.9	-3,245.0
Net (increase)/decrease in other investments	-610.5	746.4
Net (increase)/decrease in loans and receivables	-1,106.7	-743.3
Net (increase)/decrease in reinsurance assets	-153.0	-155.5
Net (increase)/decrease in other assets	-303.6	-274.4
Net (increase)/decrease in receivables and other financial assets	-508.2	-217.8
Net (increase)/decrease in prepayments and accrued income	75.1	-24.2
Net (decrease)/increase in insurance liabilities	1,108.9	78.6
Net (decrease)/increase in investment contracts	48.5	331.7
Net (decrease)/increase in pension obligations and other provisions	9.7	209.2
Net (decrease)/increase in tax assets / liabilities	-36.4	-75.0
Net (decrease)/increase in other liabilities	1,349.3	-141.2
Net (decrease)/increase in payables and other financial liabilities	167.8	-208.1
Net movement in derivative financial instruments	-72.0	-35.4
Cash flow from operating activities	1,050.5	-292.9

Consolidated cash flow statement		
In millions of euros	2007	2006
Cash flow from operating activities	1,050.5	-292.9
Interest paid	-712.1	-491.9
Income tax paid	-217.8	-110.9
Net cash from operating activities	120.5	-895.7
Net cash flow from operating activities of discontinued operations	80.4	-31.1
	200.9	-926.8
Cash flow from investing activities		
New equity capital	-306.7	-
Acquisition of subsidiaries	-1.8	-5.7
Disposal of associate	6.1	0.7
Acquisition of subsidiaries, net of cash acquired	-88.8	95.5
Purchases of property and equipment	-5.2	-38.1
Proceeds from sale of PPE	2.2	2.1
Net cash flow from investing activities	-394.1	54.6
Net cash flow from investing activities of discontinued operations	0.7	-0.7
	-393.5	53.9
Cash flow from financing activities		
Proceeds from borrowings	1,719.4	2,455.3
Repayments of borrowings	-1,293.0	-1,164.7
Dividends paid to shareholders	-173.9	-107.9
Dividends paid to minority interests	0.0	0.0
Net cash used in financing activities	252.5	1,182.7
Net cash flow from financing activities of discontinued operations	-58.0	55.8
Total	194.5	1,238.5
Net (decrease)/increase in cash and bank overdrafts	-21.1	341.6
Net (decrease)/increase in cash and bank overdrafts	23.0	24.0
Cash and bank overdrafts at beginning of year	991.8	650.2
Net (decrease)/increase in cash and bank overdrafts	-21.1	341.6
Cash and bank overdrafts at end of year	970.7	991.7
Cash and bank overdrafts from discontinued operations at beginning of year	108.4	84.3
Net (decrease)/increase in cash and bank overdrafts	23.0	24.0
Cash and bank overdrafts from discontinued operations at end of year	131.4	108.4
Total cash and bank overdrafts at end of year	1,102.1	1,100.1
Cash and bank overdrafts Delta Lloyd Group Health (3)	131.4	
Cash and bank overdrafts CUIL (3)	12.9	
Cash and bank overdrafts consolidated balance sheet	957.8	

The accounting policies (identified alphabetically) and notes (identified numerically) form an integral part of these accounts.

1.1.6 Notes to the consolidated financial statements

1.1.6.1 (1) Exchange rates

Delta Lloyd Group's operations are almost entirely carried out in the euro zone. There are no significant operations outside this area.

The total currency results led to a loss of € 0.2 million in 2007 (2006: € 7.2 million loss) that was taken to the income statement.

1.1.6.2 (2) Subsidiary undertakings

(a) Acquisitions during the financial year

Acquisition of Eurolloyd Nederland BV / Eurolloyd België NV

As at 1 January 2007, Delta Lloyd Schadeverzekeringen acquired all shares in Eurolloyd Nederland BV and Eurolloyd België NV, insurers and insurance brokers. Both companies primarily focus on the commercial insurance market. The acquisition price amounted to € 15.2 million, including goodwill of € 0.7 million. The acquisition balance sheet at 1 January 2007 is shown below. The carrying value of the assets and liabilities of Eurolloyd immediately prior to acquisition and the fair value adjustment is equal to those provided in the table, except for the intangible assets which were not recognised previously.

Acquired assets and liabilities as at 1 January 2007	
In millions of euros	1 January 2007
Assets	
Equity securities	0.1
Intangible fixed assets	10.7
Other loans and receivables	5.4
Capitalised interest and prepayments	0.2
Cash and cash equivalents	1.7
Other assets	0.1
Total assets	18.3
Liabilities	
Payables and other financial liabilities	3.7
Total liabilities	3.7

Eurolloyd suffered a loss of € 1.5 million for the year, and generated gross written premiums totalling € 5.3 million.

Delta Lloyd Group has plans to dispose of some of Eurolloyd's activities. The size of these operations is not considered to be material.

Acquisition of Erasmus Group BV

On 8 February 2007, Delta Lloyd Group announced the acquisition of the insurance activities of the Rotterdam-based Erasmus Group BV from Wüstenrot & Württembergische AG, a company based in Stuttgart, Germany. The agreed purchase price is € 79.9 million in exchange for a 100% interest, which includes provisionally calculated goodwill amounting to € 0.7 million. In addition, Delta Lloyd Group took over loans amounting to € 22.4 million extended by Wüstenrot & Württembergische to Erasmus. The transaction was finalised on 27 March 2007.

Carrying value of assets and liabilities on 27 March 2007 before acquisition and before adjustments to fair value, and after adjustments to fair value		
In millions of euros	Carrying value on 27 March 2007 before adjustments to fair value	Carrying value on 27 March 2007 after adjustments to fair value
Assets		
Intangible fixed assets	1.1	39.0
Property and equipment	12.0	12.2
Investment property	5.6	5.6
Investments in associates	0.2	0.2
Debt securities	525.9	525.9
Equity securities	87.1	87.1
Reinsurance assets	48.2	48.2
Other assets	28.4	28.4
Loans	324.7	324.7
Other loans and receivables	32.7	32.7
Capitalised interest and prepayments	19.7	19.7
Cash and cash equivalents	51.2	51.2
Total assets	1,136.8	1,174.8
Liabilities		
Insurance liabilities	1,022.3	1,022.3
Pension obligations	14.6	14.6
Deferred tax liabilities	0.3	6.3
Borrowings	22.5	22.5
Payables and other financial liabilities	29.9	29.9
Total liabilities	1,089.6	1,095.7

Erasmus Group contributed € 7.4 million to the overall result achieved by Delta Lloyd Group. If the transaction had been effected as at 1 January 2007, the contribution would have amounted to € 10.7 million. The gross written premiums for the year 2007 amount to € 207.0 million.

The initial accounting for the acquisition of Erasmus Group can only be determined provisionally. In accordance with accounting principles, it has been decided to finalise the balance sheet in early 2008. The final balance sheet is not expected to show significant differences compared to the provisional acquisition balance sheet.

Acquisition of Cyrté Investments BV

On 27 September 2007, Delta Lloyd Group acquired a 85% interest in Cyrté Investments BV, established in Naarden, the Netherlands. The agreed purchase price is € 53.6 million, which includes provisionally calculated goodwill amounting to € 55.6 million. Shareholders' equity at the date of acquisition was € 2.0 million negative. On 27 September 2007, Delta Lloyd Group made an additional capital contribution of € 2.5 million. The carrying value of the assets and liabilities of Cyrté Investments immediately prior to acquisition and fair value adjustments is equal to those provided in the table below.

Acquired assets and liabilities as at 27 September 2007	
In millions of euros	27 September 2007
Assets	
Property and equipment	3.1
Other loans and receivables	0.1
Capitalised interest and prepayments	1.5
Cash and cash equivalents	7.0
Total assets	11.6
Liabilities	
Borrowings	4.3
Payables and other financial liabilities	8.2
Minority interests	-0.1
Total liabilities	12.4

Cyrte Investments BV contributed € 3.1 million to the overall result achieved by Delta Lloyd Group. If the transaction had been effected as at 1 January 2007, the contribution would have amounted to € 11.3 million. The fee income would have amounted to € 22.7 million.

The final acquisition balance sheet of Cyrte Investments has not yet been completed. In accordance with accounting principles, it has been decided to finalise the balance sheet in early 2008. The final balance sheet is not expected to show significant differences compared to the provisional acquisition balance sheet.

The amounts of goodwill recognised mainly relate to the cost of an assembled workforce.

None of these transactions involved significant direct acquisition costs.

(b) Acquisitions that occurred after the financial year had ended but before the financial statements were approved

On 21 January 2008, SNS Reaal and Delta Lloyd Group reached a preliminary agreement to sell all shares in Swiss Life Belgium to Delta Lloyd Group for a provisional consideration of € 135,0 million in cash. The provisional consideration is based on the financial statements as at 31 December 2006. The actual consideration will be based on the financial statements as at 31 December 2007.

The agreement is subject to the successful completion of the proposed acquisition of the Dutch and Belgian operations of Swiss Life Holding by SNS Reaal, as announced on 19 November 2007. This transaction and the transaction with Delta Lloyd Group require the approval of the regulators and the respective works councils, and are subject to regulatory approval.

(c) Disposals

No material subsidiary undertakings were sold or divested during the reporting period. Details of operations to be discontinued are included in note 3.

(d) Other information

Information on the principal associates at 31 December 2007 is included in note 14, Investments in associates.

1.1.6.3 (3) Discontinued operations and assets held for sale

The composition of assets and liabilities classified as held for sale and of discontinued operations at year end is:

Discontinued operations and assets held for sale	
In millions of euros	2007
Assets held for sale	
Delta Lloyd Groep Zorgverzekeringen	1,317.0
CUIL S.A.	598.5
ArboNed	2.7
Vastgoed OHRA	36.5
Vastgoed Delta Lloyd Bankengroep	2.9
Total	1,957.5
Liabilities relating to assets held for sale	
Delta Lloyd Groep Zorgverzekeringen	1,177.2
Staff related liabilities due to Delta Lloyd Groep Zorgverzekeringen staff	2.9
CUIL S.A.	576.8
Total	1,756.9

Operations to be discontinued

In 2007, it was decided to sell the health operations to the Tilburg-based CZ Group. A sale and purchase agreement was signed on 14 December 2007. From that date, the financial data of the entities involved are recognised separately as discontinued operations in the financial statements. These have been impaired if the fair value less expected selling costs of the assets is lower than the carrying value. There was no impairment or book profit. The transaction will be effected from 1 January 2009. Until that date Delta Lloyd Group will continue to bear the insurance risk of the health activities. The run-off for the years before 2009 is for the risk of Delta Lloyd Group.

In accordance with IFRS 5 Non-current assets held for sale and discontinued operations the health operations are presented as discontinued operations. The comparative figures for 2006 in the consolidated income statement and the consolidated cash flow statement have been adjusted accordingly.

From 1 January 2009, CZ will undertake the following activities: healthcare procurement, claim settlement and policy processing. Delta Lloyd will retain responsibility for the marketing and distribution of health insurance policies, which will be sold under the 'Delta Lloyd' and 'OHRA' labels.

The following table gives the results of Delta Lloyd Group Health recognised in the consolidated income statement as discontinued operations.

Summarised income statement Delta Lloyd Group Health for the year ended 31 December		
In millions of euros	2007	2006
Total income	1,410.3	1,552.5
Total expenses	1,422.2	1,554.7
Result before tax	-11.9	-2.2
Current tax	-7.4	-10.5
Net result	-4.4	8.3

The expected profit on the sale of Delta Lloyd Group Health at 1 January 2009 is € 25.0 million.

The assets and liabilities recognised as discontinued operations in the consolidated balance sheet of Delta Lloyd Group at 31 December 2007 amount to:

Assets and liabilities Delta Lloyd Group Health as at 31 December	
In millions of euros	2007
Assets	
Debt securities	321.5
Equity securities	109.3
Other loans and receivables	82.1
Cash and cash equivalents	131.3
Other assets	891.8
Adjustment for group eliminations	-219.1
Assets held for sale	1,317.0
Liabilities	
Insurance liabilities	853.3
Provisions for other liabilities	7.6
Borrowings	38.6
Financial liabilities	97.8
Other liabilities	299.9
Adjustment for group eliminations	-119.8
Liabilities relating to assets held for sale	1,177.2

Adjustments for group eliminations relate to intercompany eliminations with other Delta Lloyd Group companies and deferred taxes. These fall outside the scope of the agreement with CZ Group.

Revaluation reserves Delta Lloyd Group Health in relation to assets classified as available for sale as at 31 December	
In millions of euros	2007
At 1 January 2007	30.0
Net fair value gains and losses arising in period	-29.1
Aggregate tax effect	4.5
At 31 December 2007	5.4

Non-current assets held for sale

The following items are recognised in the balance sheet as non-current assets held for sale:

In December 2007, it was decided to sell the operations of CUIL SA in Luxembourg. The assets and liabilities of this entity are recognised as assets held for sale and liabilities relating to assets held for sale in the balance sheet at 31 December.

Assets and liabilities CUIL S.A. as at 31 December	
In millions of euros	2007
Assets	
Goodwill	3.9
AVIF and other intangible fixed assets	1.8
Capitalised acquisition costs	15.0
Property and equipment	0.2
Debt securities	2.1
Equity securities	559.8
Reinsurance assets	0.1
Cash and cash equivalents	12.9
Other assets	2.6
Assets held for sale	598.5
Liabilities	
Insurance liabilities	0.2
Expenses attributed to investment contract liabilities	559.9
Current tax liabilities	-2.8
Borrowings	4.1
Other liabilities	19.4
Adjustment for group eliminations	-4.1
Liabilities relating to assets held for sale	576.8

Adjustments for group eliminations relate to intercompany eliminations with other Delta Lloyd Group companies.

No income or expenses were recognised at the time of classification of the assets and liabilities of CUIL as held for sale.

OHRA intends to enter into a sale-and-leaseback agreement for its office in Arnhem. This transaction is expected to be finalised early in 2008. The expected selling price is higher than the carrying value (€ 36.5 million) of the building. The building has been classified as an asset held for sale as at 1 February 2007. In conformity with IFRS 5 no further depreciation was applied from that date onwards. The resulting gain amounted to € 1.0 million.

On 31 December 2007, Delta Lloyd Bank decided to sell its building in Antwerp, Belgium. The property is recognised as an asset held for sale as of this date. The expected selling price is higher than the carrying value (€ 2.9 million) of the building.

In December 2007, Delta Lloyd Group, together with the other shareholders, entered into an agreement to sell its 22,06% interest in ArboNed NV to a joint venture consisting of the management of ArboNed and Friesland Bank Investments. The venture is recognised as an asset held for sale as of this date; the transaction will be finalised in early 2008. As the realisable value is higher than the carrying value of the associate, classification as held for sale does not affect the result in 2007. The carrying value of the associate at 31 December 2007 amounted to € 2.7 million.

1.1.6.4 (4) Segmental information

In preparing the segmental financial information, the classification of assets and liabilities as discontinued operations and assets held for sale, as described in note 3, is not taken into account.

(a) Primary reporting format - business segments

The principal activity of Delta Lloyd Group is financial services, which is managed using the following reporting segments: life business, general insurance, health insurance, banking, fund management and other. All transactions between segments occur on an arm's-length basis.

Life

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.

General

The general insurance business provides insurance cover to individuals and to small and medium-sized businesses, for risks associated mainly with motor vehicles, property, disability and liability, such as employers' liability and professional indemnity liability.

Health

The health insurance business consists of insurance for medical expenses, group health contracts for small and medium-sized entities and the basic health insurance introduced under the Health Insurance Act in 2006. As explained under note 3, the health operations, with the exception of the Delta Lloyd and OHRA sales channels, are sold to CZ Group effective 1 January 2009.

Banking

The banking division incorporates all banking activities of Delta Lloyd Group in the Netherlands, Belgium and Luxemburg.

Fund management

The fund management business invests shareholders' and policyholders' funds, provides investment management services for institutional pension fund mandates and manages a range of retail investment products, including investment funds and unit trusts.

Other

A substantial part of Delta Lloyd Group's mortgage business is included in this segment. The remainder of the mortgage activities is shown in the Life business, as these mortgages are part of the investment portfolio of life insurance companies. Overheads, such as Group finance, expenses incurred by corporate staff departments and other activities not related to the core business segments are also classified as 'Other'. Any segments that are not reportable segments due to their immateriality are also reflected in this category, together with any other reconciling items. Minority interests and taxes are not allocated among the segments.

The accounting policies of the segments are the same as those described in the section on accounting policies. Any transactions between the business segments are on normal commercial terms and market conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet but excluding items such as equity and tax.

Segmental income statement for the year ended 31 December

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2007
Income							
Net premiums earned	3,965.7	1,156.4	1,360.8	-	-	-	6,483.0
Total investment and other income	1,427.1	105.6	49.3	435.4	126.5	205.1	2,349.0
Total income	5,392.8	1,262.0	1,410.1	435.4	126.5	205.1	8,831.9
Expenses							
Insurance and investment contract expenses	3,890.7	521.9	1,315.6	-	-	-	5,728.2
Other expenses	870.9	493.2	125.3	428.2	92.3	292.9	2,302.8
Total expenses	4,761.6	1,015.1	1,440.9	428.2	92.3	292.9	8,030.9
Segment results	631.2	247.0	-30.8	7.2	34.2	-87.8	801.0
Current tax							19.6
Net result after taxation before minority interests							781.4
Total intercompany income	127.2	9.0	4.9	76.3	19.9	304.2	541.4
Total intercompany expenses	170.0	128.9	39.6	29.0	59.4	114.6	541.4

Other items included in the segmental income statement for the year ended 31 December

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2007
Depreciation	5.9	0.0	-	7.4	0.2	7.4	21.0
Amortisation intangible fixed assets	18.7	8.1	-	3.1	-	0.8	30.7
Impairment of goodwill and other intangible fixed assets	-	0.2	-	-	-	-	0.2
Impairment of doubtful debt	1.2	5.5	6.7	-	-	-	13.5

Segmental income statement for the year ended 31 December 2006

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2006
Income							
Net premiums earned	3,055.7	1,076.7	1,497.8	-	-	-	5,630.1
Total investment and other income	1,685.8	97.7	54.7	349.2	153.9	225.0	2,566.2
Total income	4,741.4	1,174.4	1,552.5	349.2	153.9	225.0	8,196.3
Expenses							
Insurance and investment contract expenses	3,150.3	554.9	1,436.0	-	-	-	5,141.2
Other expenses	796.1	430.4	118.7	322.8	99.4	376.2	2,143.6
Total expenses	3,946.3	985.3	1,554.7	322.8	99.4	376.2	7,284.8
Segment results	795.1	189.0	-2.2	26.5	54.5	-151.3	911.6
Current tax							152.5
Net result after taxation before minority interests							759.1
Total intercompany income	129.9	10.3	1.2	52.7	19.7	396.6	610.4
Total intercompany expenses	165.5	130.9	120.8	19.5	59.1	114.6	610.4

Other items included in the segmental income statement for the year ended 31 December 2006

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2006
Depreciation	5.9	-	-	7.3	-	9.0	22.2
Amortisation	19.2	6.3	-	2.5	-	0.3	28.3
Impairment of goodwill and other intangible fixed assets	-	4.9	-	-	-	-	4.9
Impairment of doubtful debt	9.4	2.7	1.3	-	-	1.2	14.7

Segmental balance sheet as at 31 December

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2007
Assets							
Intangible assets	115.6	70.4	-	6.8	-	214.0	406.8
Investments in associates	491.1	68.2	-	-	-	-216.3	343.0
Financial investments	36,853.9	2,282.0	511.5	6,898.1	-	5,509.0	52,054.4
Reinsurance assets	1,065.9	216.6	-	-	-	-	1,282.5
Other assets	6,498.4	519.9	1,035.4	325.9	106.4	-256.5	8,229.5
Total assets	45,024.8	3,157.0	1,546.9	7,230.8	106.4	5,250.2	62,316.2
Total equity	4,244.2	882.9	236.2	311.9	64.1	-636.1	5,103.3
Liabilities							
Insurance liabilities	29,391.5	1,900.8	853.3	-	-	-	32,145.6
Other liabilities	11,389.1	373.3	457.4	6,918.9	42.3	5,886.4	25,067.3
Total liabilities	40,780.6	2,274.1	1,310.6	6,918.9	42.3	5,886.4	57,212.8
Total liabilities and equity	45,024.8	3,157.0	1,546.9	7,230.8	106.4	5,250.2	62,316.2
Capital expenditure							
Property and equipment	7.9	0.0	-	8.3	0.0	14.3	30.5
Intangible assets	19.5	41.5	-	5.0	-	59.8	125.9
Total investments	27.4	41.5	-	13.3	0.0	74.1	156.4

The 'Other' segment includes a negative amount for investments in associates. This represents a consolidation adjustment on investments in associates held by various group companies in the life and general insurance segments.

Segmental balance sheet as at 31 December 2006

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2006
Assets							
Intangible assets	121.3	37.3	-	5.6	-	169.5	333.7
Investments in associates	7.8	0.1	-0.0	-	-	31.5	39.4
Financial investments	37,547.4	2,230.2	551.1	6,031.8	-	4,680.4	51,041.0
Reinsurance assets	1,209.7	146.5	-	-	-	-	1,356.2
Other assets	4,785.5	446.2	903.2	319.6	110.1	262.6	6,827.2
Total assets	43,671.8	2,860.4	1,454.4	6,356.9	110.1	5,144.1	59,597.6
Total equity	4,263.2	729.6	300.2	310.2	67.0	-947.9	4,722.4
Liabilities							
Insurance liabilities	28,500.2	1,683.1	913.7	-	-	-	31,097.1
Other liabilities	10,908.4	447.6	240.4	6,046.7	43.0	6,091.9	23,778.1
Total liabilities	39,408.6	2,130.7	1,154.2	6,046.7	43.0	6,091.9	54,875.1
Total liabilities and equity	43,671.8	2,860.4	1,454.4	6,356.9	110.1	5,144.1	59,597.6
Capital expenditure							
Property and equipment	22.1	-	-	10.1	-	6.7	39.0
Intangible assets	10.3	0.3	-	3.1	9.3	16.0	39.1
Total investments	32.4	0.3	-	13.3	9.3	22.7	78.1

(b) Secondary reporting format - geographical segments

Delta Lloyd Group operates in three main geographical areas. These are the Netherlands, Belgium and Luxemburg, and Germany.

Revenue by destination does not differ materially from revenue by geographical origin, as most risks are located in the countries where the contracts were written.

Geographical segments		
In millions of euros	2007	2006
Net premiums earned		
Netherlands	5,685.7	4,794.7
Belgium and Luxemburg	400.1	336.2
Germany	397.2	499.2
Total	6,483.0	5,630.1
Total assets		
Netherlands	47,671.1	45,813.1
Belgium and Luxemburg	7,970.9	6,789.5
Germany	6,671.1	6,991.8
Other	3.1	3.2
Total	62,316.2	59,597.6
Capital expenditure		
Netherlands	128.9	56.8
Belgium and Luxemburg	19.1	16.8
Germany	8.5	4.5
Total	156.4	78.1

The result before taxation can be broken down into the following geographical segments:

Geographical result before tax for the year ended 31 December							
In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2007
Netherlands	601.8	247.0	-30.8	-7.8	34.2	-47.3	797.1
Belgium and Luxemburg	28.4	-	-	15.0	-	-39.9	3.5
Germany	1.2	-	-	0.1	-	-0.8	0.4
Result before tax	631.4	247.0	-30.8	7.2	34.2	-88.0	801.0
Result before tax from discontinued operations	-	-	11.9	-	-	-	11.9
Total	631.4	247.0	-18.9	7.2	34.2	-88.0	812.9

Geographical result before tax for the year ended 31 December 2006

In millions of euros	Life	General	Health	Bank	Fund Manage- ment	Other	Total 2006
Netherlands	734.0	189.0	-2.2	7.7	54.5	-165.6	817.4
Belgium and Luxembourg	65.0	-	-	19.4	-	4.3	88.8
Germany	-3.9	-	-	-0.6	-	10.0	5.5
Other	-	-	-	-	-	-0.1	-0.1
Result before tax	795.1	189.0	-2.2	26.5	54.5	-151.3	911.6
Result before tax from discontinued operations	-	-	2.1	-	-	-	2.1
Total	795.1	189.0	-0.1	26.5	54.5	-151.3	913.7

1.1.6.5 (5) Details of income

Details of income for the year ended 31 December		
In millions of euros	2007	2006
Premiums earned		
Life	4,053.8	3,145.7
General	1,250.9	1,166.6
Gross written premiums	5,304.5	4,312.2
Premiums ceded to reinsurers	-188.6	-179.9
Net written premiums	5,115.9	4,132.4
Gross movement in provision for unearned premiums	2.4	-3.3
Reinsurers' share of movement in provision for unearned premiums	3.9	3.3
Net movement in provision for unearned premiums	6.2	-0.1
Net premiums earned	5,122.2	4,132.3
Fee and commission income		
Fee income from investment contract business	12.8	8.0
Fund management fee income	123.3	140.4
Other fee income	114.3	103.4
Total income from reinsurance premiums	38.1	39.4
Other commission income	54.1	32.6
Total fee and commission income	342.5	323.8
Total premium and fee income	5,464.7	4,456.2
Investment income		
Interest Income	1,653.6	1,414.2
Rental income	112.0	91.3
Dividends	395.5	331.8
Subtotal	2,161.2	1,837.3
Movements in the value of investments classified as held for trading	-7.3	9.4
Movements in the value of investments classified as other than held for trading	-927.2	-270.0
Realised gains and losses on available-for-sale investments	519.3	274.1
Result from loans and receivables	-5.7	32.8
Result from derivatives	43.9	103.5
Other investment income	85.9	111.5
Result from participating interests after tax	-3.2	2.9
Total investment income	1,866.9	2,101.5
Other operating income	132.6	86.1
Total income	7,464.2	6,643.8

Other investment income includes fair value gains and losses of investment property.

Other operating income mainly consists of the revaluation of the loan notes issued by the Arena and DARTS companies in relation to the securitised mortgage loans.

Interest income for the year ended 31 December		
In millions of euros	2007	2006
Debt securities available-for-sale	130.5	151.9
Debt securities held for trading	8.9	3.9
Debt securities other than held for trading	497.3	449.6
Total debt securities	636.7	605.3
Total mortgage loans	503.0	497.6
Deposits	23.4	11.0
Issued loans	141.8	97.5
Loans to banks	26.5	6.3
Loans and advances to clients	83.3	73.3
Other	238.9	123.1
Other interest income	513.9	311.3
Total interest income	1,653.6	1,414.2

Financial assets not designated at fair value through profit or loss includes interest income of € 787.7 million (2006: € 718.9 million), calculated using the effective interest rate method.

Result on outward reinsurance for the year ended 31 December		
In millions of euros	2007	2006
Life	87.7	-16.9
General	40.3	38.3
Total	128.1	21.4

The above amounts do not include gains recognised when reinsurance contracts are closed.

Interest income from financial assets includes € 0.1 million (2006: € 0.1 million) in accrued interest on impaired loans.

1.1.6.6 (6) Details of expenses

Analysis of expenses in financial year		
In millions of euros	2007	2006
Claims and benefits paid		
Life	3,530.9	2,737.6
General	635.3	594.2
Total claims and benefits paid	4,166.2	3,331.7
Claim recoveries from reinsurers		
Life	-144.4	-133.7
General	-38.3	-44.6
Total claim recoveries from reinsurers	-182.8	-178.3
Net claims and benefits paid	3,983.4	3,153.4
Change in insurance liabilities, net of reinsurance		
Change in insurance liabilities	170.0	439.8
Change in reinsurance assets for insurance provisions	126.1	22.5
Total change in insurance liabilities, net of reinsurance	296.1	462.3
Profit sharing and discounts	133.1	89.5
Expenses relating to the acquisition of insurance and investment contracts	615.7	567.4
Expenses relating to the acquisition of other contracts	50.8	54.8
Interest expenses:		
Amounts owed to credit institutions	343.8	239.8
Debenture loans	64.6	24.6
Subordinated debt	32.3	32.7
Securitised mortgages	316.4	278.9
Total interest expenses	757.2	576.0
Other operating expenses		
Staff costs and other employee-related expenditures	593.0	650.8
Amortisation of intangible fixed assets	30.7	28.3
Depreciation on property and equipment	21.0	22.2
Operating expenses	409.4	319.9
Gains and losses on disposals	-0.1	0.1
Impairments of intangible fixed assets	0.2	4.9
Impairments of receivables	6.8	13.4
Reversal of impairment on receivables	-10.5	-5.2
Other expenses	19.5	33.0
Foreign exchange differences	0.4	0.1
Allocated to acquisition costs	-255.2	-240.9
Total other operating expenses	815.1	826.7
Total expenses	6,651.3	5,730.1

No research and development costs were separately identified in the income statement.

Expenses under operating leases (included in expenses) amount to € 35.2 million (2006: € 33.6 million). No contingent rents or sublease payments are included in this amount.

1.1.6.7 (7) Employee information

Number of persons (FTEs) employed by Delta Lloyd Group at the end of the reporting period		
Number of FTEs	2007	2006
Permanent staff	6,042	6,446
Temporary staff	934	948
Permanent staff deployed at operations held for sale	365	-
Temporary staff deployed at operations held for sale	210	-
Total	7,551	7,394

Staff costs for the year ended 31 December		
In millions of euros	2007	2006
Salaries	299.8	295.5
External staff	116.0	116.2
Social security contributions	45.6	45.7
Pension and post-retirement costs	45.3	60.9
Profit sharing and incentive plans	29.8	31.0
Termination benefits	4.1	1.8
Other staff costs	52.5	99.6
Total	593.0	650.8

Other staff costs include € 33.5 million in travel expenses, holiday allowances and training costs (2006: € 34.7 million).

For the Phantom Option Plan as described in accounting policy AC, an amount of € 19.0 million was charged to the income statement (2006: € 17.0 million).

Staff costs charged		
In millions of euros	2007	2006
Acquisition costs	82.2	167.4
Other operating expenses	510.8	483.4
Total	593.0	650.8

At year-end, the following options on Aviva plc share of GBP 0.25 each were in issue:

Aviva Executive Share Option Scheme as at 31 December 2007			
	Option price (in pence Sterling)	Number of shares	Normally exercisable
	380.00	160,596	2003 - 2008

Aviva Executive Share Option Scheme as at 31 December 2006			
	Option price (in pence Sterling)	Number of shares	Normally exercisable
	739.00	246,142	2002 - 2007
	380.00	327,961	2003 - 2008

The weighted average exercise price during the year was GBP 7.51 (2006: GBP 8.14). The exercise price is equal to the share price on the exercise date.

1.1.6.8 (8) Remuneration of directors

The amounts charged in the financial year for remuneration to current and former Executive Board members and current and former Supervisory Board members as referred to in section 2:383c of the Netherlands Civil Code amounted to € 6.0 million (2006: € 5.0 million) and € 0.3 million (2006: € 0.3 million) respectively.

According to Delta Lloyd Group's remuneration policy, the basic salary of the Executive Board members can be adjusted biannually.

Delta Lloyd rewards its Executive Board members based on job weight (graded using the Hay method) and the remuneration market. A remuneration benchmark produced by Hay Management Consultants is used every year. The aim is to set remuneration in such a way that some 25% of the reward packages in the peer group used for comparative purposes are higher than the Delta Lloyd package.

Remuneration policy is set by the Supervisory Board's Remuneration Committee. As at 31 December 2007, the basic salary was increased by 5%.

A performance-related arrangement is used for variable remuneration. For the individual members and the chairman of the Executive Board this arrangement is subject to a maximum of 50% and 60% respectively of twelve monthly salaries. Based on the achievement of personal and group performance targets in the 2006 financial year, the Remuneration Committee decided to award variable remuneration amounting 60% and 50% respectively.

The total remuneration of members of the Executive Board and the Supervisory Board consists of the following components:

Executive Board members' salaries and bonuses		
In thousands of euros	2007	2006
N.W. (Niek) Hoek, chairman		
Salary	508.5	508.4
Bonus	262.2	252.1
Payment of Phantom options	874.1	-
	1,644.8	760.5
P.J.W.G. (Peter) Kok		
Salary	401.4	401.4
Bonus	172.5	165.8
Payment of Phantom options	552.1	-
	1,126.0	567.2
P.K. (Paul) Medendorp		
Salary	401.4	401.4
Bonus	172.5	165.8
Payment of Phantom options	552.1	-
	1,126.0	567.2
H.H.(Henk) Raué		
Salary	401.4	-
Bonus	124.8	-
Payment of Phantom options	-	-
	526.2	-
Total	4,423.0	1,894.9

Pension costs in relation to members of the Executive Board		
In thousands of euros (unless indicated otherwise)	Pension costs at 31 December 2007	Pension costs at 31 December 2006
N.W. (Niek) Hoek, chairman	110.9	119.8
P.J.W.G. (Peter) Kok	87.5	94.6
P.K. (Paul) Medendorp	87.5	94.6
H.H.(Henk) Raué	87.5	-
Total	395.3	403.6

Aviva plc share options					
In number of options	At 1 January 2007	Granted	Exercised	Expired	At 31 December 2007
N.W. (Niek) Hoek, chairman	30,901	-	-	30,901	-
P.J.W.G. (Peter) Kok	22,827	-	-	22,827	-
P.K. (Paul) Medendorp	13,561	-	-	13,561	-
H.H.(Henk) Raué	-	-	-	-	-
Total	76,016	-	-	76,016	-

Aviva plc share options

In number of options	At 1 January 2006	Granted	Exercised	Expired	At 31 December 2006
N.W. (Niek) Hoek, chairman	138,722	-	54,533	53,288	30,901
P.J.W.G. (Peter) Kok	96,763	-	43,053	30,883	22,827
P.K. (Paul) Medendorp	55,659	-	21,355	20,743	13,561
Total	338,257	-	135,691	126,550	76,016

Phantom option plan

In number of options	At 1 January 2007	Granted	Exercised	Expired	At 31 December 2007
N.W. (Niek) Hoek, chairman	590,284	273,165	137,573	19,653	706,223
P.J.W.G. (Peter) Kok	381,294	176,451	88,866	12,695	456,184
P.K. (Paul) Medendorp	381,294	176,451	88,666	12,695	456,384
H.H. (Henk) Raué	170,869	127,636	-	5,178	293,327
Total	1,625,302	753,703	403,971	62,916	1,912,119

Phantom option plan

In number of options	At 1 January 2006	Granted	Exercised	Expired	At 31 December 2006
N.W. (Niek) Hoek, chairman	356,824	233,460	-	-	590,284
P.J.W.G. (Peter) Kok	230,492	150,802	-	-	381,294
P.K. (Paul) Medendorp	230,492	150,802	-	-	381,294
Total	1,048,300	685,866	-	279,733	1,454,433

In the Delta Lloyd Group Phantom option plan, performance units are awarded to the management. The value of the performance units is based on the development of the embedded value measured against a 'peer group' which is determined in advance. The value of € 3.9 million (2006: € 2.9 million) in respect of the Delta Lloyd Group Phantom option plan is included in the other provisions.

Phantom options can be exercised after a period of three years if the performance criteria have been met, with an option to extend this period by five years. In 2007 € 2.0 million (2006 € 0.0 million) has been paid out to members of the Board via exercised Phantom options. The payment is maximised at 200% of twelve times the monthly salary of the Chairman of the Executive Board and at 160% of twelve times the monthly salary for the other members of the Executive Board.

Remuneration of the Supervisory Board		
In thousands of euros	2007	2006
R.H.P.W. (René) Kottman, chairman since 1 June 2006 1)		
Remuneration	45.0	39.0
Other	5.6	5.2
	50.6	44.2
V.A.M. (Vincent) van der Burg, deputy chairman		
Remuneration	35.0	35.0
Other	6.6	6.6
	41.6	41.6
C.P.J. (Peter) Appeldoorn 7)		
Remuneration	16.3	32.5
Other	1.3	2.7
	17.6	35.2
P.G. (Pamela) Boumeester		
Remuneration	32.5	32.5
Other	2.7	2.7
	35.2	35.2
R. (Richard) Harvey BSC FIA 3) 7)		
Remuneration	-	-
Other	-	-
	-	-
Ph.G. (Philip) Scott FIA 3) 4) 10)		
Remuneration	-	-
Other	-	-
	-	-
M.H.M. (Marcel) Smits		
Remuneration	32.5	32.5
Other	2.7	2.7
	35.2	35.2
J. (Jan) Haars 5)		
Remuneration	32.5	17.8
Other	3.2	2.8
	35.7	20.6
E.J. (Eric) Fischer 5)		
Remuneration	32.5	16.3
Other	0.2	2.8
	32.7	19.1
T. (Tidjane) Thiam MBA 3) 6) 8)		
Remuneration	-	-
Other	-	-
	-	-
A.J. (Andrew) Moss 3) 9)		
Remuneration	-	-
Other	-	-
	-	-
Total	248.6	278.5

1) Exclusive of remuneration of the Supervisory Board of the Delta Lloyd Banking operations

2) Retired as of 31 May 2006

3) Unpaid Supervisory Board member

4) Retired on 7 December 2006

5) Appointed as of 31 May 2006

6) Appointed as of 7 December 2006

7) Retired as of 16 May 2007

8) Retired on 28 September 2007

9) Appointed as of 16 May 2007

10) Appointed as of 7 December 2007

No bonuses, loans or mortgages have been made to current or former Supervisory Board members.

There were no pension entitlements or option schemes to current or former members of the Supervisory Board.

1.1.6.9 (9) Tax expense

Tax charged to the income statement for the year ended 31 December		
In millions of euros	2007	2006
Tax due for immediate payment	-132.6	154.3
Deferred taxation:		
Originating from timing differences	156.6	24.0
Changes in tax rates or tax legislation	2.2	-14.6
Measurement of deferred tax assets	0.8	-0.8
Total deferred tax	159.7	8.6
Total tax charged to income statement	27.0	162.9

Temporary differences of previous years were used to reduce deferred taxation expenses by € 5.4 million (2006: € 16.0 million).

Tax charged to equity for the year ended 31 December		
In millions of euros	2007	2006
Deferred tax	-72.3	10.7
Total tax charged to equity	-72.3	10.7

Deferred taxes charged to equity pertain to tax on gains and losses in investments recognised in equity.

The discrepancy between the effective tax rates and the nominal tax rates is explained below:

Tax charged to the income statement for the year ended 31 December		
In millions of euros	2007	2006
Result before tax	812.9	913.7
Tax calculated at standard Netherlands corporation tax rate of 25.5% (2006: 29.6%)	207.3	270.5
Changes in the applicable tax rate	2.2	-14.7
Non-assessable dividends	-29.6	-49.8
5% interest in associates	-91.2	-35.6
Recognised tax assets during the year	-63.4	-13.8
Other	1.7	6.4
Total taxation charged to income statement	27.0	162.9

The nominal tax rate in the Netherlands amounted to 25.5%, in Belgium 33.99% and in Germany 40.0%. In 2006 the nominal tax rate in the Netherlands was 29.6%, the nominal tax rate in Germany and Belgium remained unchanged.

1.1.6.10 (10) Goodwill

Goodwill carrying value for the year ended 31 December		
In millions of euros	2007	2006
Gross carrying value of goodwill		
At 1 January	170.2	165.3
Additions	57.0	-
Disposals	-	-0.1
Other adjustments	-10.1	5.0
Re-classified as assets held for sale	-3.9	-
At 31 December	213.1	170.2
Accumulated impairment		
At 1 January	-7.7	-7.8
Disposals	-	0.1
Other adjustments	-	-
At 31 December	-7.7	-7.7
Net carrying value of goodwill at 31 December	205.4	162.5

Goodwill allocation and impairment testing

For impairment testing purposes, goodwill is allocated to cash-generating units by division and business segment.

A summary of goodwill allocated to cash generating units is presented below.								
In millions of euros	Total	Delta Lloyd ABN AMRO Verzekeringen Holding BV	Delta Lloyd Bankengroep NV	Participatie & Financierings Maatschappij Delta Lloyd BV	Delta Lloyd Schade- verzekering NV	Erasmus Verzekeringen BV	Cyrte Investments BV	Eurolloyd Verzekeringen NV
Carrying value of goodwill	205.4	127.3	15.0	3.8	2.4	0.7	55.6	0.7

As explained in accounting policy O, the carrying value of goodwill is reviewed at least annually or when circumstances or events indicate there may be uncertainty concerning the value. For the purpose of the impairment test, assets were grouped at the lowest level for which there are separately identifiable cash flows. The outcome of the test has not led to an impairment of goodwill (2006: € 0.0 million).

Additions totalled € 57.0 million in 2007 and included the acquisitions of Cyrte Investments (€ 55.6 million), Erasmus Verzekeringen (€ 0.7 million) and Eurolloyd Verzekeringen (€ 0.7 million). As explained in note 2, the amount of goodwill in relation to Erasmus Verzekeringen and Cyrte investments are not yet definitive. The goodwill figure may be adjusted once the value measurements have been finalised.

Within 'other adjustments' an amount of € 10.1 million relates to a reduction in goodwill following an adjustment to the price paid for ABN AMRO Insurance. In accordance with the earn-out agreement which supplements the original contract, the price was adjusted in line with the results achieved by the joint venture. In 2006, an additional payment of € 5.0 million was made to ABN AMRO Bank based on this earn-out agreement.

1.1.6.11 (11) AVIF and other intangible assets

AVIF and other intangible fixed assets				
In millions of euros	AVIF	Software	Other	Total
Cost price				
At 1 January 2006	67.0	93.6	164.2	324.9
Additions	-	24.5	0.3	24.8
Disposals	-	-1.2	-43.5	-44.7
Other adjustments	7.4	0.0	2.0	9.4
At 31 December 2006	74.5	116.9	123.0	314.4
Additions	8.6	14.3	44.1	67.0
Disposals	-	-11.1	-0.0	-11.1
Other adjustments	-2.1	-0.1	-1.1	-3.3
At 31 December 2007	81.0	120.1	166.0	367.1
Accumulated amortisation				
At 1 January 2006	-14.5	-63.4	-68.2	-146.2
Amortisation for the year	-7.4	-11.8	-9.0	-28.3
Disposals	-	1.2	43.5	44.7
Other adjustments	-7.8	-0.0	-0.4	-8.2
At 31 December 2006	-29.8	-74.0	-34.2	-137.9
Amortisation for the year	-7.7	-12.1	-10.8	-30.7
Disposals	-	2.0	-	2.0
Other adjustments	-	0.0	0.6	0.6
At 31 December 2007	-37.5	-84.0	-44.4	-166.0
Accumulated impairment				
At 1 January 2006	-	-0.5	-	-0.5
Impairment losses recognised	-	-4.7	-	-4.7
At 31 December 2006	-	-5.3	-	-5.3
Impairment losses recognised	-	-	-0.2	-0.2
At 31 December 2007	-	-5.3	-0.2	-5.4
Carrying value				
At 1 January 2006	52.5	29.7	96.0	178.2
At 31 December 2006	44.7	37.7	88.9	171.2
At 31 December 2007	43.4	30.8	121.4	195.6

Within the carrying value of software, an amount of € 8.8 million (2006: € 9.8 million) relates to internally generated software.

The category other mainly consists of € 106.3 million (2006: € 87.7 million) relating to distribution channels acquired in respect of the acquisition of ABN AMRO Verzekeringen, Erasmus Verzekeringen and Eurolloyd Verzekeringen; these are amortised in 20 to 30 years.

The acquired value in-force (AVIF) relates to the portfolio value of the acquired net assets of ABN AMRO Insurance and Erasmus Verzekeringen. This value is amortised on a straight line basis, over a period of 15 years. The remaining amortisation period for acquired AVIF relating to these portfolios is 10 and 15 years respectively.

The amounts recognised for software (€ 13.2 million) relate to assets acquired by Delta Lloyd Group. An amount of € 1.1 million relates to software obtained through the acquisition of Erasmus Verzekeringen. The amount capitalised in 2006 relates solely to purchased software.

The impairment charge of € 4.7 million for 2006 relates to capitalised proprietary software development costs at year-end 2005. In December 2006, it became apparent that the Multifit project failed to meet expectations. The project was discontinued as a result. Project-related costs of € 8.8 million in 2006 were taken directly to the income statement.

1.1.6.12 (12) Property and equipment

Property and equipment as at 31 December							
In millions of euros	Develop- ment property	Owner- occupied property	Total property	Motor vehicles	Computer equip- ment	Other equip- ment	Total
Cost price							
At 1 January 2006	9.5	231.5	241.0	1.5	45.1	127.4	415.0
Additions	18.2	6.3	24.4	-0.0	9.1	5.5	39.0
Changes within Group	-	0.0	0.0	-	-1.4	1.5	0.1
Disposals	-	-2.1	-2.1	-0.2	-3.5	-6.1	-11.9
Transfers to / from investment property	-	-0.0	-0.0	-	-	-	-0.0
Other adjustments	5.6	-4.5	1.1	0.0	-0.6	-0.0	0.5
At 31 December 2006	33.3	231.1	264.4	1.3	48.7	128.3	442.6
Additions	14.0	3.0	17.0	0.1	6.9	6.4	30.5
Changes within Group	-	8.3	8.3	0.8	0.8	2.9	12.8
Disposals	-	-1.0	-1.0	-0.2	-6.1	-4.0	-11.3
Transfers to / from investment property	-23.6	-	-23.6	-	-	-	-23.6
Other adjustments	-	-0.0	-0.0	-	-	23.5	23.5
Re-classified as assets held for sale	-	-62.9	-62.9	-	-	-	-62.9
At 31 December 2007	23.7	178.4	202.1	2.0	50.3	157.1	411.6
Depreciation							
At 1 January 2006	-	-36.9	-36.9	-1.4	-36.3	-92.8	-167.5
Charge for the year	-	-6.7	-6.7	-0.0	-4.1	-11.4	-22.2
Disposals	-	0.9	0.9	0.2	3.5	5.5	10.1
Other adjustments	-	-	-	-	0.1	-1.9	-1.8
At 31 December 2006	-	-42.7	-42.7	-1.3	-36.8	-100.6	-181.4
Charge for the year	-	-6.0	-6.0	-0.1	-4.5	-10.2	-20.9
Disposals	-	0.3	0.3	0.1	6.1	2.3	8.9
Other adjustments	-	0.1	0.1	-	-2.2	0.4	-1.7
Re-classified as assets held for sale	-	9.9	9.9	-	-	-	9.9
At 31 December 2007	-	-38.4	-38.4	-1.3	-37.4	-108.1	-185.2
Impairment							
At 1 January 2006	-	-14.8	-14.8	-	-	-0.2	-15.0
Disposals	-	-	-	-	-	-0.3	-0.3
Other adjustments	-	-	-	-	-	0.3	0.3
At 31 December 2006	-	-14.8	-14.8	-	-	-0.2	-15.0
Disposals	-	-	-	-	-	0.2	0.2
Other adjustments	-	-0.0	-0.0	-	-	-	-0.0
Re-classified as assets held for sale	-	13.6	13.6	-	-	-	13.6
At 31 December 2007	-	-1.2	-1.2	-	-	-	-1.2
Carrying value							
At 1 January 2006	9.5	179.8	189.3	0.1	8.8	34.4	232.6
At 31 December 2006	33.3	173.7	206.9	-	11.9	27.5	246.3
At 31 December 2007	23.7	138.9	162.6	0.8	12.9	49.0	225.2

Delta Lloyd Group has no material finance leases, or leases to third parties under operating leases, for property and equipment.

The finance costs capitalised as finance costs during the financial year amount to € 3.0 million (2006: € 3.2 million). The interest rate used was 5.15% (2006: 4.41%).

Within other equipment at cost price there are other adjustments relating to a reclass of assets which were classified under other assets in 2006.

Borrowing costs capitalised in property under construction during the year amount to € 3.0 million (2006: € 3.2 million). The interest rate applied was 5.15% (2006: 4.41%)

1.1.6.13 (13) Investment property

Investment property as at 31 December				
In millions of euros	Freeholds	Investment property - long-term lease contracts	Investment property - short-term lease contracts	Total
Cost price				
At 1 January 2006	1,173.6	26.7	12.9	1,213.2
Additions	491.0	0.0	11.8	502.8
Disposals	-227.3	-	-9.0	-236.2
Other adjustments	-7.0	-	7.4	0.4
At 31 December 2006	1,430.5	26.7	23.1	1,480.3
At 1 January 2007	1,430.5	26.7	23.1	1,480.3
Additions	77.0	22.8	21.5	121.3
Changes in group	1.7	-	-	1.7
Disposals	-64.0	-	-11.7	-75.7
Transfers to / from investment property	-	-	23.6	23.6
Other adjustments	-1.1	-	-	-1.1
At 31 December 2007	1,444.1	49.5	56.4	1,550.0
Revaluation				
At 1 January 2006	475.9	2.2	-2.8	475.2
Fair value gains and losses	79.1	4.0	1.7	84.8
Disposals	-17.8	-	3.3	-14.5
Other adjustments	-	-	-0.6	-0.6
At 31 December 2006	537.3	6.2	1.5	544.9
At 1 January 2007	537.3	6.2	1.5	544.9
Fair value gains and losses	76.9	-0.5	-1.0	75.4
Changes in group	1.0	-	-	1.0
Disposals	-5.1	-0.0	-0.0	-5.1
Transfers to / from investment property	-	-	-	-
Other adjustments	1.3	-	0.6	1.9
At 31 December 2007	611.3	5.7	1.1	618.1
Carrying value				
At 1 January 2006	1,649.5	28.8	10.0	1,688.4
At 31 December 2006	1,967.8	32.9	24.6	2,025.2
At 31 December 2007	2,055.4	55.2	57.5	2,168.1

Investment properties are stated at their fair values as assessed by qualified external valuers or by local qualified staff of Delta Lloyd Group as described in accounting policy Q.

Future rental income under non-terminable rental contracts is estimated at € 250.8 million (2006: € 268.0 million). Of this amount, € 52.4 million (2006: € 52.2 million) is due within one year, € 149.1 million between one and five years, and the balance of € 49.3 after five years (2006: € 153.8 million and € 62.0 million respectively).

Direct operating expenses (including repairs and maintenance) amounted to € 18.0 million (2006: € 17.0 million). Of this amount, approximately € 0.7 million (2006: € 0.7 million) relates to expenditure on investment properties that did not generate rental income during the reporting period.

1.1.6.14 (14) Associates

Investments in associates as at 31 December		
In millions of euros	2007	2006
Carrying value		
At 1 January	39.4	32.4
Acquisitions	1.8	5.7
New equity capital	306.7	-
Disposals	-6.1	-0.7
Share of result after tax	-3.2	3.4
Dividends received	-0.5	-0.8
Fair value gains and losses through equity	5.0	-0.0
Other adjustments	-0.1	-0.7
Re-classified as assets held for sale	-2.7	-
At 31 December	340.3	39.4

The following capital contributions were made during 2007: a contribution of € 100.0 million to Cyrte Fund I CV, a contribution of € 49.6 million to Cyrte Fund II BV, a contribution of € 150.0 million to Cyrte Fund III CV, a contribution of € 4.6 million to Lancyr Group BV and € 2.5 million to Meetingpoint BV. The 50% interest in Loevestein Beheer BV was sold for € 5.6 million on 1 October 2007. This transaction yielded a profit of € 0.3 million. In view of the pending sale, Delta Lloyd Group's interest in ArboNed BV is shown as 'held for sale'. Further details are included in note 3.

The Group's interests in its principal associates					
In millions of euros	Assets	Liabilities	Income	Result	Proportion held
Credimo NV, Belgium	814.9	766.7	125.1	3.2	31.50%
Cyrte Fund I CV	1,410.8	1,410.8	41.3	36.5	11.11%
Cyrte Fund II BV	467.5	0.0	0.2	0.1	16.00%
Cyrte Fund III CV	782.0	782.0	30.4	30.0	17.91%
At 31 December 2007	3,475.2	2,959.5	197.0	69.8	
Credimo NV, Belgium	780.4	733.7	159.0	3.0	31.50%
Loevestein Beheer BV	21.3	21.0	0.6	1.3	50.00%
At 31 December 2006	801.7	754.7	159.7	4.3	

The figures are based on the most recent information made available to Delta Lloyd Group. Individual investments in other participating interests are not considered material.

Because Delta Lloyd Group has a direct interest in the Cyrte Funds and can exert, through its 85% interest in Cyrte Investments BV, significant influence over Cyrte Fund I, II and III, these funds are classified as associates.

No restrictions are present at the associates that limit their ability to transfer funds to the parent in the form of dividends or to make repayments on loans or advances other than the solvency requirements, as outlined in note 22.

At 31 December 2007 Delta Lloyd held a 32.3% interest in Van Lanschot NV. Generally, when holding an interest exceeding 20% it is assumed that significant influence on the financial and operating policy of the entity. Delta Lloyd, however, is unable to exercise its influence at Van Lanschot and has recognised its interest as an equity investment and not as an associate.

1.1.6.15 (15) Financial investments

Financial investments		
In millions of euros	2007	2006
Debt securities	18,601.3	19,442.4
Equity securities	14,276.6	14,617.2
Derivatives	305.7	200.4
Loans at fair value through profit or loss	5,898.3	5,120.2
Other loans and receivables	11,979.8	11,660.8
Total financial investments	51,061.7	51,041.0

In the balance sheet at 31 December 2006, investments in investment funds where the policyholder carries the investment risk, in the amount of € 2,412.0 million, were wrongly classified as debt securities. These investments are now classified as equity securities.

Financial investments in debt securities as at 31 December		
In millions of euros	2007	2006
Debt securities		
Available for sale	3,060.7	3,595.7
Other than trading	15,354.8	15,673.6
Trading	185.8	173.1
Total debt securities	18,601.3	19,442.4

Breakdown of financial investments in equity securities		
In millions of euros	2007	2006
Equity securities		
Available for sale	5,370.1	5,985.2
Other than trading	8,892.1	8,608.0
Trading	14.4	23.9
Total equity securities	14,276.6	14,617.2

Cost price / amortised cost, gross unrealised gains and losses and fair value of loans and receivables as at 31 December

In millions of euros	Impaired cost / amortised cost	Difference in value	Fair value 2007
Other loans and receivables	11,979.8	-177.4	11,802.4

Cost price / amortised cost, gross unrealised gains and losses and fair value of loans and receivables as at 31 December 2006

In millions of euros	Impaired cost / amortised cost	Difference in value	Fair value 2006
Other loans and receivables	11,660.8	204.2	11,865.1

Overview of fair value of investments by category as at 31 December

In millions of euros	Included in the balance sheet at amortised cost	Recognised at fair value through trading result	Recognised at fair value through non-trading result	Available for sale	Total 2007
Debt securities	-	185.8	15,354.8	3,060.7	18,601.3
Equity securities	-	14.4	8,892.1	5,370.1	14,276.6
Derivatives	-	305.7	-	-	305.7
Loans at fair value through profit or loss	-	-	5,898.3	-	5,898.3
Other loans and receivables	11,802.4	-	-	-	11,802.4
At 31 December 2007	11,802.4	505.9	30,145.2	8,430.8	50,884.3

Overview of fair value of investments by category as at 31 December 2006

In millions of euros	Included in the balance sheet at amortised cost	Recognised at fair value through trading result	Recognised at fair value through non-trading result	Available for sale	Total 2006
Debt securities	-	173.1	15,673.6	3,595.7	19,442.4
Equity securities	-	23.9	8,608.0	5,985.2	14,617.2
Derivatives	-	200.4	-	-	200.4
Loans at fair value through profit or loss	-	-	5,120.2	-	5,120.2
Other loans and receivables	11,865.1	-	-	-	11,865.1
At 31 December 2006	11,865.1	397.4	29,401.8	9,580.9	51,245.2

The item loans at fair value through profit or loss includes € 5,628.5 (2006: € 5,120.2 million) in mortgage loans.

Fair value is determined by the closing prices provided by Bloomberg or alternate reputable data providers.

The mortgage loans recognised at fair value through profit or loss consist mainly of first mortgages. Second mortgages are only granted where the first mortgage loan has been issued by Delta Lloyd Group. All mortgages relate to residential property. 43.8% of the mortgages granted have a foreclosure value of the property that is less than 90% of the loan amount (2006: 48.2%). No loans have been granted with a loan-to-value ratio of more than 125% without pledging additional

collateral by the applicant. There were no fair value gains or losses in relation to these mortgage loans as a result of a change in credit ratings assigned to Delta Lloyd Group or Amstelhuys. The credit risk exposure of these instruments does not exceed their carrying value. No derivative instruments were contracted to mitigate any credit risk; it is felt that hedging is not required given the relatively small credit risk exposure.

Certain unit-linked products have been classified as investment contracts, while some are included within the definition of an insurance contract. The assets backing these unit-linked liabilities are included within the relevant categories in the consolidated balance sheet, and form part of the liability for investment contracts disclosed in note 25.

Carrying value of financial investments in relation to unit-linked liabilities		
In millions of euros	2007	2006
Debt securities	4,953.0	5,431.7
Equity securities	7,763.9	8,077.6
Loans	103.5	98.4
Deposits	1.1	34.8
Reinsurance assets	18.8	18.6
	12,840.2	13,661.0
The associated liabilities are:		
Unit-linked contracts classified as insurance contracts	10,432.6	10,618.8
Unit-linked contracts classified as investment contracts	61.9	525.7
Third-party interests in investment funds	1,337.2	1,503.3
	11,831.7	12,647.8

In the table above a further breakdown is made to more properly reflect the nature of the various financial investments. Furthermore, the effect of the elimination to the pension elimination is now included. The comparative figures for 2006 have been adjusted accordingly.

The liabilities in relation to unit-linked investments are lower due to the derecognition of pension obligations as explained in note 29. Including these pension obligations, the liabilities are higher. The surplus serves to cover guaranteed contracts.

Accumulated impairment charges on AFS debt securities as at 31 December		
In millions of euros	2007	2006
At 1 January	-	2.1
Impairment charges during the year	0.7	-
Disposals	-	-2.1
At 31 December	0.7	-

Accumulated impairment charges on AFS equity securities as at 31 December		
In millions of euros	2007	2006
At 1 January	366.8	424.5
Impairment charges during the year	59.5	1.1
Disposals	-90.0	-58.7
At 31 December	336.3	366.8

Cumulative impairments on loans and receivables as at 31 December		
In millions of euros	2007	2006
At 1 January	59.3	80.4
Impairment charges during the year	22.2	13.1
Reversal of impairment charges during the year	-7.5	-18.4
Disposals	-3.9	-15.8
At 31 December	70.1	59.3

The impairment charge recognised on loans and receivables relates to a number of smaller loans held by the banking division for a total amount of € 8.5 million and loans held by Delta Lloyd Life for a total amount of € 9.5 million (2006: € 11.7 million). Reversed impairment losses also primarily relate to loans held by the banking division in an amount of € 7.5 million (2006: € 11.5 million).

The conditions governing financial assets that would otherwise have matured or been impaired were not renegotiated.

Almost no accrued interest is recognised on financial assets subject to impairment.

Securities lending

No securities lending arrangements are in effect at the balance sheet date.

1.1.6.16 (16) Loans and receivables

Other loans and receivables as at 31 December		
In millions of euros	2007	2006
Loans to policyholders	148.2	149.4
Loans to banks	469.3	509.1
Loans and advances to clients	125.1	199.0
Loans and advances to intermediaries	-	10.9
Issued loans	4,464.7	4,239.6
Total loans and advances	5,207.3	5,108.0
Securitised mortgage loan notes	2,601.2	2,812.0
Non-securitised mortgage loans	4,171.4	3,740.8
Total mortgage loans	6,772.5	6,552.8
Total loans and receivables	11,979.8	11,660.8

The cumulative impairment charge on loans and receivables is explained in note 15.

The maturity analysis of other loans and receivables		
In millions of euros	2007	2006
Less than one year	3,249.8	2,702.8
More than one year	8,730.0	8,958.0
Total	11,979.8	11,660.8

1.1.6.17 (17) Securitised mortgages and related assets

In three subsidiaries in the Netherlands and Belgium, Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Belgium, the benefits from twelve portfolios of residential mortgage-backed securities (RMBS) have been transferred to eleven special purpose vehicles ("SPVs"), Arena 2000-I BV, Arena 2001-I BV, Arena 2002-I BV, Arena 2003-I BV, Arena 2004-I BV, Arena 2004-II BV,

Arena 2005-I BV, Arena 2006-I BV, B-Arena NV/SA, Arena 2007-I BV and DARTS Finance BV (“the securitisation companies or SPVs”), which were funded primarily through the issue of notes. No gains or losses were recognised on these transfers.

All the shares in the securitisation companies are held by independent entities, respectively Stichting Security Trustee Arena 2000-I, Stichting Security Trustee Arena 2001-I, Stichting Security Trustee Arena 2002-I, Stichting Security Trustee Arena 2003-I, Stichting Security Trustee Arena 2004-I, Stichting Security Trustee Arena 2004-II, Stichting Security Trustee Arena 2005-I, Stichting Security Trustee Arena 2006-I, B-Arena NV/SA, Stichting Security Trustee Arena 2007-I and Stichting Trustee DARTS Finance. Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Belgium do not own, directly or indirectly, any of the share capital of the securitisation companies or their parent companies. Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Belgium have no right, nor obligation, to repurchase the benefit of any of the securitised mortgage loans before the optional call-date, other than in certain circumstances where they are in breach of warranty.

In 2007, Delta Lloyd Group transferred one mortgage portfolio to a special purpose securitisation company.

In December 2007, notes were issued under the Arena programme. The value of the underlying mortgage portfolio amounted to € 636 million, in relation to which notes totalling € 656 million (RMBS) were issued by Arena 2007-I B.V.

At 31 December 2007, Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Nederland held notes in the securitisation companies, which are repayable at various dates between 2037 and 2062. The fair value of these notes amounts to € 502.7 million (2006: € 200.6 million). The notes were eliminated in the consolidated balance sheet.

Amstelhuys and Delta Lloyd Bank Belgium receive interest from the securitisation companies for the subordinated loans they have provided. Delta Lloyd Levensverzekering, Amstelhuys and Delta Lloyd Bank Belgium have concluded interest rate swaps with ABN AMRO Bank to hedge the interest payment flows for the SPVs.

The effect of the swaps is that the securitisation companies convert all or part of the interest flows receivable from customers in respect of the securitised mortgage loans into interest flows, which are designed substantially to match the interest payable to the noteholders.

In all of the above transactions, the Delta Lloyd Group and its subsidiaries are not obliged to support any losses that may be suffered by the noteholders and do not intend to provide such support. Additionally, the notes were issued on the basis that noteholders are only entitled to obtain payment, of both principal and interest, to the extent that the available resources of the respective special purpose securitisation companies, including funds due from customers in respect of the securitised loans, are sufficient and that noteholders have no recourse whatsoever to other Delta Lloyd Group companies. Total mortgage assets in the above securitisation companies were € 7,652.0 million at 31 December 2007 (2006: € 7,423.8 million). Apart from the administration fees payable to other Group undertakings, described above, there are no other material gains or losses in these companies.

1.1.6.18 (18) Receivables and other financial assets

Receivables and other financial assets as at 31 December		
In millions of euros	2007	2006
Amounts owed by contract holders	1,380.0	546.9
Amounts owed by intermediaries	82.2	52.7
Deposits with ceding undertakings	146.8	175.3
Amounts owed by others	554.9	1,212.9
Other financial assets	857.1	540.4
Total	3,021.0	2,528.2
Expected to be settled within one year	2,978.4	2,373.6
Expected to be settled in more than one year	42.6	154.6
Total	3,021.0	2,528.2

Concentrations of credit risk with respect to receivables are limited due to the size and spread of Delta Lloyd Group's trading base. No further credit risk provision is therefore formed in excess of the normal provision for doubtful receivables.

1.1.6.19 (19) Capitalised acquisition costs and inventory of real estate projects

Capitalised acquisition costs and inventory real estate projects during the reporting period					
In millions of euros	Life	General	Other	Total 2007	Total 2006
Participating insurance contracts	14.7	-	-	14.7	15.0
Non-participating insurance contracts	104.1	83.0	-	187.2	171.8
Investment contracts	6.1	-	-	6.1	19.1
Capitalised acquisition costs	124.9	83.0	-	207.9	205.9
Inventory real estate projects	5.1	-	78.6	83.7	83.8
Capitalised acquisitions costs and other assets	130.0	83.0	78.6	291.6	289.7

Inventory real estate projects includes development property held for sale in an amount of € 82.3 miljoen (2006: € 73.5 million).

This item mainly comprises real estate property developed by Delta Lloyd Group companies. As these properties are not intended to be rented out to third parties or occupied by Delta Lloyd Group but are to be sold on the market, these are not included in the investment property or property and equipment. The item 'inventory real estate projects' includes assets of € 1.4 million that are expected to be sold within one year following the balance sheet date (2006: € 0.5 million).

Movement in capitalised acquisition costs during the reporting period		
In millions of euros	2007	2006
At 1 January	205.9	199.3
Capitalised acquisition costs	233.2	269.7
Amortisation	-246.2	-263.2
Changes in group	14.9	-
Other adjustments	0.2	-
At 31 December	207.9	205.9

1.1.6.20 (20) Share capital

Details of the Company's ordinary and preference share capital are as follows:

Share capital for the year ended 31 December		
In millions of euros	2007	2006
Authorised share capital of the company at 31 December		
5,000,000 (2006: 5,000,000) ordinary shares with a face value of € 9.08 each	45.4	45.4
1,500,000 (2006: 1,500,000) convertible preference shares A with a face value of € 9.08 each	13.6	13.6
170,000 (2006: 170,000) convertible preference shares B with a face value of € 453.78 each	77.1	77.1
	136.1	136.1
Issued share capital of the company at 31 December		
3,300,004 (2006: 3,300,004) ordinary shares with a face value of € 9.08 each	29.9	29.9
170,000 (2006: 170,000) convertible preference shares B with a face value of € 453.78 each	77.1	77.1
	107.1	107.1
The issued convertible preference shares A 1,024,000 (2006: 1,024,000) with a face value of € 9.08 each are reported as convertible loan.	9.3	9.3

Ordinary shares in issue in the Company rank equally. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

As from the time Delta Lloyd NV ordinary shares are listed on an official stock exchange, the convertible preference A shares may be exchanged for Delta Lloyd NV ordinary shares on a one-for-one basis, subject to an additional payment of € 1,730.42 per converted share. As far as possible, this additional payment will be set off against the balance of the undated subordinated convertible loan. The conversion price will be adjusted upon the issue of Delta Lloyd NV ordinary shares in the event of a Delta Lloyd NV restructuring its share capital, or in the event of the Delta Lloyd NV ordinary shares being split into ordinary shares of a lower face value.

1.1.6.21 (21) Revaluation reserves

Revaluation reserves in relation to assets classified as available for sale as at 31 December	
In millions of euros	
At 1 January 2006	1,242.2
Gross fair value gains and losses arising in period	528.3
Transfer of available-for-sale equity relating to DPF contracts to provisions	26.6
Net fair value gains and losses arising in period	554.9
Fair value gains and losses transferred to income on disposal	-281.3
Foreign exchange differences	0.4
Aggregate tax effect	-10.7
At 31 December 2006	1,505.4
At 1 January 2007	1,505.4
Gross fair value gains and losses arising in period	239.5
Transfer of available-for-sale equity relating to DPF contracts to provisions	-13.2
Net fair value gains and losses arising in period	226.3
Fair value gains and losses transferred to income on disposal	-519.3
Foreign exchange differences	-1.2
Disposal of associate	-0.1
Aggregate tax effect	72.3
Revaluation reserve of assets held for sale	-5.4
At 31 December 2007	1,278.1

1.1.6.22 (22) Retained earnings

Retained earnings for the year ended 31 December		
In millions of euros	2007	2006
At 1 January 2007	2,818.4	2,201.6
Net result	739.0	724.7
Dividends	-173.9	-107.9
At 31 December 2007	3,383.5	2,818.4

Company solvency for the year ended 31 December		
In millions of euros (unless indicated otherwise)	2007	2006
Solvency of insurance operations		
Available solvency	4,851.6	4,676.4
Legally required solvency	1,534.5	1,451.2
Solvency margin	3,317.1	3,225.2
The available solvency for the insurance business of Delta Lloyd NV reported as a percentage of the required solvency is	316.2%	322.2%
Solvency of bank operations		
Available solvency	4,851.6	4,676.4
Required internal solvency	2,301.7	2,176.8
Solvency margin	2,549.9	2,499.6
Solvency of bank operations	153.4%	143.4%
Available core capital	312.0	280.0
Available regulatory capital	394.0	342.0
Required core capital	314.0	263.8
Solvency margin	80.0	78.2
BIS-Tier 1 ratio	8.0%	8.5%
BIS-ratio	10.4%	10.9%
Legally required BIS-ratio (including DNB margin)	10.0%	10.0%

The current solvency in Delta Lloyd Group is 294 percent (2006: 297 percent) of the solvency requirement stipulated by the local insurance and banking supervisors.

Of the shareholders' equity, € 1,152.3 million is available for distribution (2006: € 617.4 million). In 2007 a dividend of € 173.9 million was paid.

In accordance with article 35 of the Articles of Association, a dividend of € 226.7 million is proposed for 2007 (2006: € 173.9 million). The distribution amounts to € 67.68 (2006: € 51.77) per ordinary share with a face value of € 9.08, and to € 18.02 (2006: € 18.02) per preference share B with a face value of € 453.78.

1.1.6.23 (23) Insurance provisions

Insurance liabilities as at 31 December			
In millions of euros	Life	General	Total 2007
Participating contracts	10,953.5	-	10,953.5
Unit-linked non-participating contracts	10,444.0	-	10,444.0
Other non-participating contracts	7,993.8	-	7,993.8
Outstanding claims provisions	-	1,009.9	1,009.9
Provision for claims handling expenses	-	72.4	72.4
Provision for claims incurred but not reported	-	442.5	442.5
Provision for unearned premiums	-	371.4	371.4
Provision for unexpired risks	-	2.2	2.2
Other technical provisions	-	2.4	2.4
Total	29,391.3	1,900.8	31,292.1

Insurance liabilities as at 31 December 2006				
In millions of euros	Life	General	Health	Total 2006
Participating contracts	11,284.6	-	-	11,284.6
Unit-linked non-participating contracts	10,631.0	-	-	10,631.0
Other non-participating contracts	6,584.6	-	-	6,584.6
Outstanding claims provisions	-	802.6	201.4	1,004.0
Provision for claims handling expenses	-	64.6	12.9	77.5
Provision for claims incurred but not reported	-	470.3	565.7	1,036.0
Provision for unearned premiums	-	318.6	4.6	323.2
Provision for unexpired risks	-	0.4	72.5	72.9
Other technical provisions	-	26.7	56.6	83.3
Total	28,500.2	1,683.1	913.7	31,097.1

Life insurance business***Business description***

Delta Lloyd Group underwrites life insurance as follows:

In the Netherlands, the balance of profits, after providing appropriate returns for policyholders, accrues for the benefit of the shareholders. The basis for determining returns for policyholders is consistent with methods and criteria applied generally in the Netherlands. In addition, unit-linked insurance contracts provide benefits which are determined by investment performance, subject to certain guarantees. With this type of contract, shareholders' profits are derived largely from management fees.

Methodology

There are two main methods of actuarial valuation of liabilities arising under life insurance contracts – the net premium method and the gross premium method – both of which involve the discounting of expected premiums and benefit payments.

Under the net premium method, the premium taken into account in calculating the provision is determined actuarially, based on the principles regarding 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, and so no assumption is required for persistency. Explicit provision is made for vested bonuses, including those vesting contractually following the most recent fund valuation. No such explicit provision is made for future regular or terminal bonuses.

The gross premium method uses the amount of contractual premiums payable and includes explicit assumptions for interest and discount rates, mortality and morbidity, early termination of the contract by the policyholder and future expenses. These assumptions can vary by contract type and reflect existing empirical data and future developments. Explicit provision is made for vested bonuses and expected future regular bonuses but not for terminal bonuses.

Group practice

Delta Lloyd Group generally uses the net premium method. For certain types of products an additional provision is added for future costs of rendering contracts paid-up or relating to voluntary early termination.

Provisions are determined according to applicable actuarial principles and statutory regulations. For the majority of traditional life insurance contracts in the Netherlands the provisions are calculated using market interest rates.

Life insurance business provisions are calculated separately for each life operation of Delta Lloyd Group.

The valuation principles used within Delta Lloyd Group to calculate provisions vary per division. Provisions are most sensitive to assumptions regarding discount rates and mortality rates. For participating contracts, bonuses paid during the year are reflected in claims paid, whilst those allocated as part of the bonus declaration are included in the movements in the life insurance business provision. Provision is also made for unearned premiums, outstanding payments, and other technical provisions. These principles are described in detail below.

Delta Lloyd Group's divisions carry out a deterministic liability adequacy test, using current estimates of future cash flows under its insurance contracts. The future cash flows to be considered include all contractual cash flows such as claims handling costs, as well as cash flows resulting from options and guarantees. The liability adequacy test is carried out at least twice yearly, at the year-end and half-year reporting dates. The test meets IFRS requirements, and is applied uniformly within Delta Lloyd Group.

Life insurance business provisions where the insurer carries the investment risk

The provisions for traditional life insurance contracts are calculated in accordance with a prudent prospective actuarial method, based on the valuation assumptions regarding discount rates and mortality, taking into account the premiums to be received in the future and all the future liabilities under the conditions of each current insurance contract. A net premium method is used.

In addition, provision is also made for future maintenance expenses. Provisions are held for administrative costs for the following types of business:

- Individual contracts - all single premium and paid-up policies;
- Regular premium savings mortgage ('Spaarhypotheek') contracts;
- All group contracts.

Provisions are also made for the longevity risk associated with certain types of individual and group life insurance as the original life expectancy assumptions are no longer valid.

For the Dutch life insurance operations of Delta Lloyd Group, liabilities under self-administered non-linked life insurance contracts are valued at market interest rates. Because market interest rates were higher than the actuarial rate of 3%-4%, the associated movement in the value of the insurance provisions was negative at year-end 2006. Due to the continued rise in market interest rates during 2007, the associated movement in the value of the insurance provisions fell further to a negative amount of € 570.2 million. This represents a reduction of € 364.0 million compared to year-end 2006 (2006: reduction of € 494.5 million compared to year-end 2005). The externally administered portfolios and the additional provisions referring to non-linked liabilities are not calculated using market rates. In total 93.2% (2006: 84.1%) of the non-linked liabilities in the Netherlands are calculated using market rates. This amounts to € 12,742.0 million out of a total non linked insurance liability of € 13,671.2 million in the Netherlands (2006: € 10,040.5 million out of a total of € 11,931.8 million).

The number of products in the Delta Lloyd Levensverzekering portfolio that is valued using the current DNB swap curve (rather than a fixed actuarial rate) was increased on 1 January 2007. The impact of this change in accounting policies on the result and equity is explained in paragraph 1.1.1.

Life insurance business provisions where the policyholder carries the investment risk

Unit-linked contracts and separated funds, which are classified as insurance contracts, are valued on the basis of the same principles as those used for the valuation of the investments on behalf of policyholders in relation to which they are held. 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.

Transparency around unit-linked insurance

In 2007, the public debate over the lack of transparency concerning unit-linked insurance products continued. Criticism mainly concerned the cost and commission structure. The immediate cause of this debate was the publication of the conclusions of an exploratory survey of the unit-linked insurance market. This survey, which was conducted by the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten / AFM), served to prepare the AFM for its regulatory role. A limited number of consumers, acting through the Verliespolis Foundation, have informed Delta Lloyd Group that from their perspective the product offered by Delta Lloyd Group no longer meets the transparency requirements that they have formulated.

Delta Lloyd Group has considered various scenarios to test whether its current insurance provisions are adequate. These scenarios allow for the occurrence of various major changes, assuming a certain probability level, without looking explicitly and exclusively at a worst case effect. In assessing the adequacy, various risks were taken into account, including equities risks, interest rate sensitivity, issued return guarantees and longevity risks, as well as the current public debate and the resulting requests to Delta Lloyd Group to provide clarity and transparency. Based on these analyses Delta Lloyd Group has established that the provisions are adequate.

Provision for outstanding payments

Provision is made at the end of the accounting period for the estimated ultimate cost of all payments not settled at that date after the deduction of amounts already paid, whether arising from events (surrender, maturity, death) occurring during the period or earlier periods.

This provision will include outstanding payments in respect of both linked and non-linked business. This provision is determined by means of:

- An estimate of payments still to be settled at the end of the financial year,
- Including claims incurred but not reported (IBNR),
- Increased by internal and external claim settling costs still to be paid.

Reviewing individual claims files, policy terms and conditions assesses claims outstanding. Such amounts are estimated on a prudent basis.

The provision for disability insurance equals the discounted value of the expected claims payments (account is taken of terms, waiting periods as well as recovery chances and mortality rates).

Provision for unearned premiums

This provision equals the proportion of premiums written that relate to the period of risk after the reporting date and is included in the actuarial provisions.

Provision bonuses and rebates

The provision relates to the bonus declarations over the current book year and arises mainly on group life contracts in Germany. Bonus amounts are determined based on estimated interest profits based on underlying policy terms and conditions.

Assumptions

(i) Netherlands

Valuation discount rates for the year ended 31 December		
	Valuation discount rates in 2007 and 2006	Mortality tables used in 2007 and 2006
Life	Actual swap rate, or 3.0% - 4.0%	GBM 61-65. GBM 71-75. GBM/V 76-80. GBM 80-85. GBM/V 85-90 and GBM/V 90-95
Annuities in deferment and in payment	Actual swap rate, 3.0% - 4.0% or policy related rates	GBM/V 76-80. GBM/V 85-90. GBM/V 95-00 Coll 1993/2003 and DIL 98. plus further allowance for future mortality improvement

The provisions for life insurance contracts are primarily calculated using the mortality rates in the tariff bases. Savings products (other than unit-linked) are discounted at market rates based on the current DNB swap curve. For individual annuity contracts, the mortality rates are adjusted on the basis of more recent or the latest mortality tables.

For group life contracts, with the exception of separate account group contracts, with mortality bases not equal to the Coll. 93 mortality table, the provisions for life insurance contracts are increased by multiplying these provisions with the ratio between the actuarial benefit factor based on the mortality table GBM/V 1990-1995 and the actuarial factor based on the tariff base.

For group life contracts, an additional provision for longevity risk is formed at the portfolio level. This additional provision presents the amount required if provisioning were to be performed on the basis of the Coll. 1993 table rather than the GBM/V 1990-1995 table.

For contracts with an interest guarantee, a provision has been established for these guarantees. For Delta Lloyd Levensverzekering, this provision is determined on a market consistent stochastic basis.

Provisions for return guarantees issued by other divisions are established using a deterministic approach.

For traditional policies with a profit sharing guarantee, a provision is set up in accordance with the Dutch regulatory requirements.

ABN AMRO Insurance uses a non-standard reinsurance contract for temporary term insurance. The reserving bases for this temporary term insurance are in line with the tariff bases used in the reinsurance contract for these contracts.

(ii) Belgium

In Belgium, local generally accepted interest rates and published standard mortality tables are used for different categories of business as appropriate. The tables are based on relevant experience and show mortality rates, by age, for specific groupings of people. The table below provides an overview of the initial tariff base. The current provisions are calculated using market interest rates (current swap curve).

Valuation discount rates for the year ended 31 December		
	Valuation discount rates in 2007 and 2006	Mortality tables used in 2007 and 2006
Life		MR. FR. MK. FK. FK' mortality tables
Universal Life	0%, 2.5% to 4.85%	
Traditional contracts	3.25%, 3.5%, 3.75% or 4.75%	
Annuities in deferment and in payment	3.25%, 3.5%, 3.75% or 4.75%	MR. FR mortality tables

Delta Lloyd Life Belgium

In most cases the provisions for life insurance contracts are calculated using the tariff bases.

An additional provision is set up for policies with a guaranteed base rate higher than the regulatory reference rate. This provision is determined on a policy by policy basis using the reference interest rate. This provision is formed in 10 years on a straight-line basis.

For contracts with discretionary participation features a profit sharing provision is set up based on the guaranteed amounts insured. The surplus is distributed to policyholders at the discretion of the shareholders' meeting. The profit sharing is effective for contracts with a guaranteed base rate lower than 3.75% in the first month after the decision of the shareholders' meeting. For contracts with a guaranteed base rate higher than 3.75%, the surplus will be distributed to the policyholder at maturity or death.

(iii) Germany

In Germany, local generally accepted interest rates and published standard mortality tables are used for different categories of business as appropriate. The tables are based on relevant experience and show mortality rates, by age, for specific groupings of people.

Valuation discount rates for the year ended 31 December		
	Valuation discount rates in 2007 and 2006	Mortality tables used in 2007 and 2006
Life	2.75%, 3%, 3.25%, 3.50% or 4.00%	Sterbetafel 60/62. Sterbetafel 1986 or Sterbetafel DAV 199T
Annuities in deferment and in payment	2.75%, 3%, 3.25%, 3.50% or 4.00%	Sterbetafel 49/51. Sterbetafel 1987R. Sterbetafel 1994R. Sterbetafel DAV 2004R or Sterbetafel DAV 2004R Bestand

For life contingent annuity contracts with an old reserving base (e.g., Sterbetafel 1987R or Sterbetafel 1994R) an additional provision is set up to take longevity risk into account. This provision amounts to the difference between the provisions determined on the tariff bases and the provisions

recalculated on a more modern mortality basis (Sterbetafel 2004R-Bestand). As per year-end 2007 this provision amounted to € 78.9 million (2006: € 74.9 million).

Profit sharing for traditional policies is based on the technical results plus the excess of interest-earnings over the base rate. At least 90% of the excess interest-earnings and technical results is added to a provision for future allocation to policyholders. The allocation of this provision is at the discretion of the board. The same procedure is used for investment contracts.

Movements

Movements in the life provisions during the year		
In millions of euros	2007	2006
At 1 January	28,500.2	28,471.7
Provisions in respect of new business	2,213.0	1,514.8
Expected change in existing business provisions	-239.8	-478.9
Variance between actual and expected experience	-1,058.1	-219.5
Impact of operating assumption changes	1.5	3.1
Impact of economic assumption changes	-662.4	-713.5
Other movements recognised as expense	-2.7	9.1
Change in liability recognised as an expense	251.5	115.0
Changes in group	738.8	-
Other movements not recognised as expense	-99.0	-86.5
Re-classified as liabilities relating to assets held for sale	-0.2	-
At 31 December	29,391.3	28,500.2

Movements to the life insurance business provisions are largely attributable to a provision for new business in an amount of € 2,213.0 (2006: € 1,514.8 million). The increase compared to 2006 is partly attributable to Delta Lloyd Group's acquisition of Erasmus Verzekeringen and the closing of several large group pension contracts. The variance between actual and expected experience is caused by the termination of several group pension contracts.

The 'impact of economic assumption changes' is mostly interest-related. This includes the effect of interest rate movements on insurance provisions. The movement in provisions for interest guarantees on unit-linked and separate accounts and the movement in provisions for deferred profit sharing are also included in the economic assumption changes. Movements in the value of assets backing unit-linked policies are recognised under expected changes and variance between expected and actual movement.

The item 'other movements not recognised as expense' relates to the addition of unrealised fair value gains or losses relating to DPF contracts in Germany, which are charged to equity.

Participating insurance contracts

Policyholder bonuses during the year		
In millions of euros	2007	2006
Bonuses allocated in anticipation of a bonus declaration, included in claims paid	94.4	114.1
Reversionary and similar policyholder bonuses, included in life provisions	38.1	48.5
Total	132.5	162.6

General and health insurance

Provisions for outstanding claims

Significant delays occur in the notification and settlement of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with complete certainty at the balance sheet date. The provisions for general insurance and health are based on information available when the provision is determined; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur.

Provisions for outstanding claims are established to cover the outstanding expected ultimate liability for losses and loss adjustment expenses (LAE) in respect of all claims that have already occurred. The provisions established cover reported claims and associated LAE, as well as claims incurred but not yet reported (IBNR) and estimated LAE.

Outstanding claims provisions are based on undiscounted estimates of future claim payments, except for disability business for which discounted provisions are held.

	Discount rate 2007	Mean term of liabilities in years	Discount rate 2006	Mean term of liabilities 2006
Netherlands				
Disability insurance contracts	3.87%	8.26	3.61%	8.65

No equalisation or catastrophe provisions have been recognised as these are not permitted under IFRS. The general reserves (included in equity) will be used to absorb the impact of any catastrophes. Moreover, catastrophe-related risk is partly reinsured.

Outstanding claims provisions are estimated based on known facts at the date of estimation, including statistics on the development of claim payments, incurred losses, average costs per claim and number of similar claims. Historical claims development is mainly analysed by accident period, although underwriting or notification period is also used where this is considered appropriate. Claim development is separately analysed for each geographic area, as well as by each line of business. Certain lines of business are also further analysed by claim type or type of coverage. In addition, large claims for each line of business are usually separately assessed, either by being provided for at the face value of loss adjuster estimates, or separately projected in order to reflect the development of large claims.

Estimated outstanding claims provisions are continually refined as part of a regular ongoing process as claims experience develops, losses are settled and further losses reported. The outstanding expected ultimate cost of claims is estimated using a variety of accepted actuarial and statistical projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods (see hereafter). These techniques predict the development of claim payments, incurred losses, average claim costs and claim numbers for each year based on the observed development of prior years.

The outstanding claims provisions before discounting were € 2,404.0 million, including acquisitions (2006: € 2,188.0 million). The period of time which will elapse before the liabilities are settled has been estimated by modelling the settlement patterns of the underlying claims and related reinsurance recoveries.

The introduction of the basic health system on 1 January 2006 and the resulting shift in the insured population caused a disruption of traditional claim settlement patterns. The procedures for charging medical expenses by hospitals changed with effect from 2005. Hospital expenses can only be claimed

once the full treatment has been completed. Previously, medical expenses were claimed as soon as individual components of a treatment were finished. As a result, claims patterns (in terms of timing) have changed. Another result from the change in procedures is that standard diagnostic treatments to which codes have been assigned are claimed using agreed rates instead of individually identified components. This impacts the comparability of historical data.

The uncertainty further increased due to the fact that hospitals experience backlogs in notifying claims for closed treatments. Hospitals cannot currently assure that the proper treatment codes have been used for the amounts claimed to date. The payments made to date are therefore considered as preliminary payments as opposed to final settlement. If hospitals are not able to provide sufficient assurance on these, the company will perform sample tests to assess the appropriateness of the claims made.

Hospital budget overfunding and underfunding are expected to have occurred in 2007 as well. In January 2008, the Dutch Healthcare Authority (Nederlandse Zorgautoriteit) reached agreement about the model to be used to render annual overfunding and underfunding more transparent at institution level. The model also shows how any overfunding or underfunding is settled via the fixed contributions and settlements. The model will be applied to the 2005 and 2006 years in the first quarter of 2008. The actual allocation to health insurance companies will not be finalised until the fourth quarter of 2008. It has proven very difficult for health insurers to estimate the funding differences for 2007, and their impact on future years.

The combination of the above factors causes uncertainty in reported information. As a consequence, the provisions are based in part on historical information as well as estimates of risk premiums and numbers of people insured. Vektis, the national centre for healthcare statistics, prepared an independent estimate of the anticipated claims. Both estimates concur. The provision takes account of the fact that estimates may deviate. The appointed (external) actuary considers the provision to be prudent.

Assumptions

The ultimate level of outstanding general insurance claims 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. As such these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers for each accident year based on the observed development of earlier years. In most cases no explicit assumptions are made regarding future rates of claims inflation or loss ratios, instead the assumptions used are those implicit in the historic claims development data on which the projections are based.

Judgement is used to assess the extent to which past trends may not apply in the future, for example to reflect changes in external or market factors such as public attitudes to claiming, economic conditions, varying levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Assumptions for disability insurance business provisions

Explicit assumptions are used for the permanent health and injury insurance (disability insurance). If a policyholder becomes disabled a benefit is paid out. The required provision for benefit payments is based on the assumptions as described below. The provision is determined on the basis of a fixed discount rate that is equal to the interest rate specified in the actuarial tables. For a number of portfolios in the Netherlands the discount rate is based on the current swap curve.

The assumptions on which the disability insurance business provisions are based vary between per division of Delta Lloyd Group. Discrepancies are partly attributable to different portfolios and

historical rates. In this paragraph the assumptions used under previous accounting policies using Dutch GAAP, as allowed by IFRS 4, are summarised per product type.

Assumptions	Premium calculation	Provisioning
Individual	KAZO 90 (4%), KAZO 90 (3%), AOV 2000 (3%) Verbond 97 (4%), Verbond 97 (3%), Verbond 99 (3%), WIA 2006 (3%)	KAZO 90 (4%), KAZO 90 (3%), AOV 2000 (3%) Verbond 97 (4%), Verbond 97 (3%), Verbond 99 (3%), Verbond 99 (4%), current swap curve WIA 2006 (3%)
Commercial	WAO 93 (4%), WAO 96 (4%), PEMBA 99 (4%), WIA 2006 (3%)	WAO 93 (4%), WAO 93 (3%), current swap curve WIA 2006 (3%)

Provision for unexpired risk

A provision for unexpired risk is included for part of the WGA Deductible Risk Bearer portfolio and the medical expenses portfolio. The provision, which relates to items that were recognised in 2007 but continue after 31 December 2007, is based on the difference between the commercial premium and the premium required actuarially.

Process used to decide on assumptions

Life insurance

Mortality assumptions have been derived from industry expertise and are based on national mortality tables. However, the mortality assumption underlying the provisions is passive (i.e., it rarely changes) and often reflects the pricing assumptions. Pricing basis assumptions for mortality are generally based on the most recent national mortality tables.

For disability insurance provisions that are part of Delta Lloyd Group's life portfolio no specific allowance is made for recovery assumptions. This builds an element of prudence into the provision for these products.

Provisions for traditional saving-products have been valued on the basis of either the actual swap rate or a fixed interest rate. Savings-based mortgages however have policy-related interest rates.

General and health insurance

For all general insurance risks, Delta Lloyd Group uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the chain-ladder and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to paid claims or incurred claims (i.e., paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of development factors based upon this historical pattern. The selected development factors are then applied to cumulative claims data for each underwriting year which is not yet fully developed to produce an estimated ultimate claims cost for each underwriting year.

Chain-ladder techniques are most appropriate for mature classes of business which have a relatively stable development pattern. Chain-ladder techniques are less suitable in cases where the insurer does not have a developed claims history for a particular class of business.

Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based upon actual claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique is used in situations where developed claims experience was not available for the projection (recent accident years or new classes of business).

The choice of estimate for each underwriting year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual underwriting years or groups of underwriting years within the same class of business.

The exposure of Delta Lloyd Group to claims associated with asbestos-related diseases is immaterial. The provisions have been estimated per case by claims handlers. Claims development is monitored periodically. With respect to claims development for this business, please refer to the section on Loss Development Tables.

For health insurance the above-mentioned techniques are used to calculate outstanding claim provisions and IBNR. The methods used to estimate the actuarial provisions for policyholders living abroad and policyholders suffering from chronic diseases are set by the regulator. The assumptions and methods to calculate these provisions are available industry-wide.

IBNR-provisions for disability insurance are also based on chain ladder techniques. Provisions for benefits in payment are estimated on models and assumptions that are used industry wide. The benefit provision is the discounted value of expected future cash flows including recovery and mortality probabilities. The recovery probabilities and mortality probabilities have been derived from industry expertise. The discount rates used are prescribed by the insurance regulator.

Movements

The following changes have occurred in the general insurance and health technical provisions during the year:

General technical provisions		
In millions of euros	2007	2006
At 1 January	1,364.6	1,350.3
Impact of changes in assumptions	-2.6	0.6
Claim losses and expenses incurred in the current year	816.4	737.1
Movement in anticipated claim losses and expenses incurred in previous years	-244.1	-131.2
Incurred claims losses and expenses	569.7	606.5
Payments made on claims incurred in the current year	-380.4	-348.8
Payments made on claims incurred in prior years	-254.2	-244.0
Recoveries on claim payments	9.1	8.7
Claims payments made in the year, net of recoveries	-625.5	-584.1
Other movements in the claims provisions	-1.5	-8.5
Change in claims provision recognised as an expense	-57.3	13.9
Gross portfolio transfers and acquisitions	-	0.3
Changes in group	222.5	-
Other gross movements	-0.4	-
At 31 December	1,529.3	1,364.6

Health technical provisions		
In millions of euros	2007	2006
At 1 January	909.1	481.9
Claim losses and expenses incurred in the current year	1,559.0	1,440.3
Movement in anticipated claim losses and expenses incurred in previous years	-199.6	-38.1
Incurred claims losses and expenses	1,359.3	1,402.2
Payments made on claims incurred in the current year	-843.9	-770.5
Payments made on claims incurred in prior years	-528.9	-561.1
Claims payments made in the year, net of recoveries	-1,372.8	-1,331.5
Other movements in the claims provisions	-43.2	29.7
Change in claims provision recognised as an expense	-56.6	100.4
Gross portfolio transfers and acquisitions	-	328.0
Other gross movements	0.8	-1.2
Re-classified as liabilities relating to assets held for sale	-853.3	-
At 31 December	-	909.1

Loss development table

The following table presents the development of cumulative claim payments and the estimated ultimate cost of claims for the accident years 2001 to 2007. The upper half of the table shows the cumulative amounts paid during successive years related to each accident year. For example, with respect to the accident year 2001, by the end of 2007 € 1,119.6 million had been paid in settlement of claims (excluding the impact of acquisitions). In addition, as reflected in the lower section of the table, the original estimated ultimate cost of claims of € 1,238.4 million was re-estimated to be € 1,185.4 million at 31 December 2007. This decrease from the original estimate would generally be a combination of a number of factors, including claims being settled for larger or smaller amounts than originally estimated. The original estimates will also be increased or decreased, as more information becomes known about the individual claims and overall claim frequency and severity patterns.

In the third year following adoption of IFRS, only seven years are required to be disclosed. This will be increased in each succeeding additional year, until ten years of information is included. The loss development table before the effect of reinsurance is shown below:

Loss development gross of reinsurance									
In millions of euros	All prior years	2001	2002	2003	2004	2005	2006	2007	Total
Gross cumulative claims payments									
At end of accident year		688.4	756.9	789.0	833.0	753.6	1,125.3	1,224.2	
One year later		1,038.2	1,103.0	1,091.5	1,138.7	1,177.2	1,752.7	-	
Two years later		1,073.3	1,134.6	1,116.1	1,177.1	1,227.2	-	-	
Three years later		1,092.4	1,149.1	1,130.2	1,190.8	-	-	-	
After four years		1,098.3	1,161.9	1,140.5	-	-	-	-	
After five years		1,110.3	1,171.3	-	-	-	-	-	
Six years later		1,119.6	-	-	-	-	-	-	
Estimate of gross cumulative claims									
At end of accident year		1,238.4	1,333.1	1,360.5	1,493.3	1,533.2	2,191.3	2,397.8	
One year later		1,280.2	1,356.4	1,333.4	1,412.7	1,474.7	2,012.7	-	
Two years later		1,225.3	1,292.4	1,253.6	1,326.5	1,389.0	-	-	
Three years later		1,209.4	1,259.6	1,235.2	1,292.9	-	-	-	
After four years		1,193.7	1,250.2	1,225.0	-	-	-	-	
After five years		1,194.9	1,239.2	-	-	-	-	-	
Six years later		1,185.4	-	-	-	-	-	-	
Estimate of cumulative claims		1,185.4	1,239.2	1,225.0	1,292.9	1,389.0	2,012.7	2,397.8	
Cumulative payments		1,119.6	1,171.3	1,140.5	1,190.8	1,227.2	1,752.7	1,224.2	
Total	301.8	65.9	68.0	84.5	102.1	161.8	260.0	1,173.6	2,217.6
Effect of discounting	21.3	5.5	5.7	6.3	2.7	4.2	7.5	12.6	65.7
Current value	280.5	60.3	62.3	78.2	99.3	157.6	252.6	1,161.1	2,151.9
Effect of acquisitions									
Reserves at aquisition date	21.8	3.7	1.7	103.4	24.3	386.3	31.2	18.4	590.8
Cumulative payments since aquisition	0.5	0.1	0.1	5.2	2.1	290.7	9.3	1.9	309.8
Reserves at balance sheet date	16.8	3.6	1.6	85.4	18.1	22.5	21.9	16.5	186.4
Value recognised in balance sheet	297.3	63.9	63.9	163.6	117.4	180.1	274.4	1,177.6	2,338.3

The loss development table after the effect of reinsurance is shown below:

Net of reinsurance									
In millions of euros	All prior years	2001	2002	2003	2004	2005	2006	2007	Total
Gross cumulative claims payments									
At end of accident year		683.8	752.0	778.4	823.2	743.0	1,112.7	1,216.9	
One year later		1,027.9	1,091.0	1,076.1	1,129.9	1,157.8	1,734.6	-	
Two years later		1,062.0	1,120.5	1,099.7	1,160.9	1,206.2	-	-	
Three years later		1,080.6	1,135.9	1,110.9	1,173.1	-	-	-	
After four years		1,088.4	1,144.9	1,119.7	-	-	-	-	
After five years		1,095.4	1,150.0	-	-	-	-	-	
Six years later		1,102.2	-	-	-	-	-	-	
Estimate of gross cumulative claims									
At end of accident year		1,222.8	1,311.1	1,327.1	1,454.2	1,497.6	2,149.0	2,344.7	
One year later		1,260.3	1,327.5	1,304.1	1,387.9	1,438.6	1,963.3	-	
Two years later		1,205.2	1,261.6	1,228.8	1,303.6	1,352.3	-	-	
Three years later		1,190.3	1,236.2	1,207.6	1,264.4	-	-	-	
After four years		1,174.0	1,222.5	1,201.1	-	-	-	-	
After five years		1,169.0	1,211.5	-	-	-	-	-	
Six years later		1,163.1	-	-	-	-	-	-	
Estimate of cumulative claims		1,163.1	1,211.5	1,201.1	1,264.4	1,352.3	1,963.3	2,344.7	
Cumulative payments		1,102.2	1,150.0	1,119.7	1,173.1	1,206.2	1,734.6	1,216.9	
Total	262.4	60.9	61.4	81.4	91.3	146.0	228.8	1,127.8	2,060.0
Effect of discounting	19.6	4.5	5.1	5.5	2.7	4.2	7.2	12.3	61.1
Current value	242.7	56.4	56.4	75.9	88.6	141.8	221.5	1,115.5	1,998.9
Effect of acquisitions									
Reserves at aquisition date	15.9	2.6	1.5	74.0	22.6	383.0	29.7	17.4	546.7
Cumulative payments since aquisition	0.2	0.0	0.1	4.4	2.1	289.9	8.8	1.9	307.4
Reserves at balance sheet date	11.0	2.6	1.4	57.2	16.4	19.9	20.9	15.6	145.0
Value recognised in balance sheet	253.7	59.0	57.8	133.2	104.9	161.8	242.4	1,131.1	2,143.9

A prudent provisioning policy regarding cumulative claims (anticipated claims payments) will lead to a downward adjustment to the cost of claims in the future. The table shows that this adjustment applies to all accident years. A substantial portion of the payments is recorded during the second financial year. It appears from the movements in cumulative claims payments presented above that at least 95% of overall claims have been paid after two financial years.

The tables above include information on asbestos and environmental pollution (A&E) claims provisions from business written before 2001. The uncertainty inherent in A&E claims provisions is largely due to the extremely long latency period, uncertainties in the cover and claims costs, limited availability of data and uncertainty in the completeness/accuracy of the data. The A&E cumulative payments and claim reserves are shown separate in the following table. As the claims did not exceed the threshold of the reinsurance contract in prior years, there was no difference between gross and net claims. In 2007, the acquisition of Erasmus Verzekeringen by Delta Lloyd Group resulted in a

reduction of net claims. This is related to the reinsurance structure applied by Erasmus Verzekeringen.

Asbestos and Environmental Pollution Loss Development Table - Gross of Reinsurance

In millions of euros	Cumulative payments	Claims reserves	Estimate of cumulative claims
31 December 2001	11.9	26.7	38.6
31 December 2002	10.1	30.8	40.9
31 December 2003	10.0	32.5	42.5
31 December 2004	9.6	45.0	54.6
31 December 2005	10.7	49.6	60.3
31 December 2006	16.1	57.8	74.0
31 December 2007	20.3	53.2	73.5

Asbestos and Environmental Pollution Loss Development Table - Net of Reinsurance

In millions of euros	Cumulative payments	Claims reserves	Estimate of cumulative claims
31 December 2001	11.9	26.7	38.6
31 December 2002	10.1	30.8	40.9
31 December 2003	10.0	32.5	42.5
31 December 2004	9.6	45.0	54.6
31 December 2005	10.7	49.6	60.3
31 December 2006	16.1	57.8	74.0
31 December 2007	20.3	53.0	73.3

Provision for unearned premiums

Movements

The following movements in the unearned premiums provision occurred during the year:

Movements in the unearned premiums provision occurred during the reporting period

In millions of euros	2007	2006
At 1 January	323.2	315.5
Premiums written during the year	2,623.1	2,699.3
Premiums earned during the year	-2,625.5	-2,691.3
Other movements in unearned premiums provision	-19.0	-
Movements in unearned premiums provision recognised as an expense	-21.4	8.0
Changes in group	61.0	-
Other adjustments	8.7	-0.3
At 31 December	371.4	323.2

1.1.6.24 (24) Reinsurance assets

Carrying value

The following is a summary of reinsured business included in insurance provisions. As far as life insurance business is concerned, this primarily relates to pro rata reinsurance. For general and health business, it relates to risk reinsurance (primarily excess of loss).

Reinsured provisions		
In millions of euros	2007	2006
Life	1,065.8	1,209.7
General	216.6	146.5
Total	1,282.4	1,356.2

The net provision is calculated by deducting reinsured business included in provisions from the gross provision. The table below provides a comprehensive overview of gross provision, reinsurance assets and net provision.

Gross provisions, premiums ceded to reinsurers and net provisions as at 31 December						
In millions of euros	Gross insurance provisions 2007	Reinsurance assets 2007	Net 2007	Gross insurance provisions 2006	Reinsurance assets 2006	Net 2006
Discretionary participating	4,999.3	551.3	4,448.0	5,003.3	571.0	4,432.3
Non-discretionary participating	5,781.3	420.9	5,360.3	6,030.0	529.2	5,500.8
Unit-linked non-participating	10,432.0	44.5	10,387.5	10,618.8	41.3	10,577.5
Other non-participating	7,993.8	49.1	7,944.8	6,584.6	68.2	6,516.4
Unallocated divisible surplus	184.9	-	184.9	263.5	-	263.5
Life provisions	29,391.3	1,065.8	28,325.5	28,500.2	1,209.7	27,290.5
Discretionary participating policies	1,594.4	-	1,594.4	1,661.1	-	1,661.1
Non-participating policies	553.4	-	553.4	534.4	-	534.4
Unit-linked policies	61.9	-	61.9	525.7	-	525.7
Investment contracts	2,209.7	-	2,209.7	2,721.1	-	2,721.1
Outstanding claims provisions	1,009.9	154.7	855.2	802.6	-103.0	699.6
Provision for claims incurred but not reported	442.5	34.3	408.2	1,036.0	25.6	1,010.4
AB provision	-	-	-	201.4	-	201.4
Provision for unearned premiums	371.4	22.2	349.3	323.2	14.4	308.8
Additional provision for unexpired risk	2.2	-	2.2	72.9	-	72.9
Other technical provisions	2.4	-	2.4	83.3	-	83.3
Provision for claims handling expenses	72.4	5.4	67.0	77.5	3.4	74.1
General provisions	1,900.8	216.6	1,684.2	2,596.9	146.5	2,450.4
Total	33,501.8	1,282.4	32,219.4	33,818.2	1,356.2	32,462.0

Assumptions

The assumptions used for reinsurance contracts typically follow those applied to insurance contracts.

Reinsurance assets included in life insurance business provisions have not yet been valued on the basis of market interest rates.

Reinsurance assets are valued net of an allowance for their recoverability.

Movements

The following movements occurred in reinsurance assets during the year:

(i) Life insurance

Movements in receivables from reinsurers during the year		
In millions of euros	2007	2006
At 1 January	1,209.7	1,235.1
Assets in respect of new business	7.6	7.7
Expected movement in existing business assets	-22.2	-24.4
Variance between actual and expected experience	-130.1	-9.3
Impact of operating assumption changes	0.2	0.2
Other adjustments	0.2	-
Change in asset recognised as income	-144.3	-25.8
Changes in group	0.2	-
Other adjustments	0.2	0.4
At 31 December	1,065.8	1,209.7

(ii) General insurance

Movements in receivables from reinsurers during the year		
In millions of euros	2007	2006
At 1 January	132.1	123.6
Impact of changes in assumptions	0.5	0.4
Reinsurers' share of claim losses and expenses incurred in current year	51.2	41.6
Reinsurers' share of claim losses and expenses incurred in prior years	8.4	13.1
Reinsurers' share of incurred claim losses and expenses	60.1	55.1
Reinsurance recoveries received on claims incurred in current year	-7.9	-12.6
Reinsurance recoveries received on claims incurred in prior years	-33.9	-34.0
Reinsurance recoveries received in the year	-41.9	-46.6
Change reinsurance asset recognised as income	18.2	8.5
Changes in group	44.1	-
At 31 December	194.4	132.1

(iii) Reinsurers' share of the unearned provision

The following movements have occurred in the provision for unearned premiums during the year		
In millions of euros	2007	2006
At 1 January	14.4	11.1
Premiums ceded to reinsurers in the year	114.9	114.8
Reinsurers' share of premiums earned during the year	-111.0	-111.5
Other movements in reinsurers' share of unearned premiums provision	3.8	-
Change in unearned premiums provision assets recognised as income	7.7	3.3
At 31 December	22.2	14.4

1.1.6.25 (25) Liability for investment contracts

Carrying value

Investment contract liabilities as at 31 December		
In millions of euros	2007	2006
Discretionary participating policies	1,594.4	1,661.1
Non-participating policies	553.4	534.4
Unit-linked policies	61.9	525.7
Total investment contracts	2,209.7	2,721.1

Because Delta Lloyd Group classifies certain investment contracts as held for sale, liabilities under unit-linked policies have decreased significantly compared to 2006. Provisions for investment contracts classified as held for sale are no longer recognised under investment contract liabilities in the balance sheet. Instead, they are stated separately.

Life business investment liabilities

Investment contracts included under life business are those that do not transfer significant insurance risk from the contract holder to the issuer, and are therefore treated as financial instruments under IFRS.

Many investment contracts contain a discretionary participation feature in which the contract holder has a contractual right to receive additional benefits as a supplement to guaranteed benefits. These are referred to as participating contracts and are measured according to the methodology and group practice for life insurance liabilities as described in note 23.

For participating business concluded by Delta Lloyd Life (Belgium), the discretionary participation feature is recognised separately from the guaranteed element and is classified as a liability, referred to as unallocated divisible surplus.

Investment contracts that do not contain a discretionary participation feature are referred to as non-participating contracts and the liability is measured at either fair value or amortised cost.

Most non-participating investment contracts measured at fair value are unit-linked contracts and the fair value provision is equal to the unit-linked investment value plus additional non-unit provisions if required on a fair value basis. For this business, capitalised acquisition costs and a deferred income reserve liability are recognised in respect of transaction costs and front-end fees respectively, which relate to the management of investments, and which are amortised on a systematic basis over the contract term. The amounts of the related capitalised acquisition costs are shown in note 19.

The number of group pension contracts without insurance risk for which the liability is measured at amortised cost using the effective interest method, and the related volume are limited.

Guarantees on investment products are disclosed in note 34.

The fair value of contract liabilities measured at amortised cost is not materially different from the amortised cost liability. In view of their discretionary nature, the fair value of investment contracts with discretionary participation features is difficult to estimate reliably. The level of the discretionary payment is decided by Delta Lloyd Group, subject to the terms and conditions stipulated in the investment contract.

Movements during the year

Investment contract liabilities as at 31 December		
In millions of euros	2007	2006
At 1 January	2,721.1	2,389.4
Provisions in respect of new business	441.6	380.5
Expected change in existing business provisions	-97.6	75.0
Variance between actual and expected experience	-240.5	-81.9
Impact of changes in assumptions	-55.0	-52.9
Other adjustments	-	11.1
Change in liability	48.5	331.7
Re-classified as liabilities relating to assets held for sale	-559.9	-
At 31 December	2,209.7	2,721.1

1.1.6.26 (26) Effect of changes in assumptions and estimates on provisions for insurance and investment contracts

The technical provision for life and general insurance contracts is determined on the basis of prevailing accounting policies and assumptions. Changes in the accounting policies and assumptions will directly affect the technical provision and have an indirect impact on the result.

The following accounting policies and assumptions used in determining the technical provisions for insurance and investment contract business were changed during 2007, and had the following impact on the result for the year:

Impact of change in accounting policies and assumptions		
In millions of euros	Effect on result 2007	Effect on result 2006
Assumptions		
Life		
Insurance contracts		
Interest rate	656.8	671.8
Expenses	2.9	4.7
Persistency rate	-	-0.7
Mortality for annuity contracts	-0.3	-0.4
Other	1.5	8.6
Investment contracts - participating		
Interest rate	48.5	20.5
Expenses	2.2	0.7
Persistency rates	-	-0.1
Other	4.3	2.7
General		
Insurance contracts		
Change in discount rate assumptions	1.5	2.2
Change in expenses ratio assumptions	1.0	-5.4
Total	718.4	704.5

Note 23 'Insurance provisions' addresses the impact of economic assumption changes on insurance provisions. This differs from the effect of interest rate changes. The interest rate related impact on the result involves the consequences of movements in market interest rates during the year.

The above effects, and the impact of interest rate changes in particular, are partly offset by movements in the investment portfolio as a result of changes in market interest rates. The result will primarily be affected by differences in volumes and maturities.

1.1.6.27 (27) Tax assets and liabilities

The deferred tax assets and liabilities caused by temporary differences in tax base can be split into the following categories

In millions of euros	2007	2006
Insurance liabilities	98.6	358.6
Investments	-346.2	-399.6
Equalisation reserve	-10.0	-56.3
Unused tax losses	56.5	12.2
Intangible fixed assets	-47.3	-32.6
Pension schemes	33.6	3.1
Other	-11.1	0.9
Total deferred tax	-225.9	-113.6

The total amount of tax assets and liabilities is expected to be recovered or paid within one year. Of the total amount of deferred tax assets and liabilities recognised, minus € 9.5 million (2006: € 128.7 million) is recoverable or payable within one year.

Movement in deferred tax assets

In millions of euros	2007	2006
At 1 January	11.9	15.8
Charged to income statement	-0.9	-5.1
Movement in revaluation reserve	0.7	1.2
At 31 December	11.7	11.9

Deferred tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through future taxable profits is probable.

The group has unrecognised tax losses of € 152.4 million (2006: € 209.3 million) to carry forward against future taxable income; these tax losses may be carried forward indefinitely.

The deferred tax assets and liabilities of companies that form part of the same tax entity as Delta Lloyd NV have been netted off, and are recognised as deferred tax liabilities.

Movement in deferred tax liabilities

In millions of euros	2007	2006
At 1 January	125.5	109.8
Change in group	6.3	-4.5
Charged to income statement	158.8	8.9
Movement in revaluation reserve	-72.3	11.9
Re-classified as assets held for sale	17.1	
Other adjustments	2.3	-0.7
At 31 December	237.6	125.5

No deferred tax liabilities have been recognised for temporary differences associated with investments in subsidiaries.

The tax rate on deferred tax assets receivable and deferred tax liabilities payable has been adjusted for the entities subject to taxation in the Netherlands. This adjustment is in line with substantially enacted changes in the Netherlands corporate taxation rate.

1.1.6.28 (28) Pension obligations and other provisions

Provisions for other liabilities as at 31 December		
In millions of euros	2007	2006
Pension obligations	1,459.8	1,450.7
Restructuring provisions	44.7	45.8
Other provisions	70.6	61.9
Re-classified as liabilities relating to assets held for sale	-7.6	-
Total other provisions	107.7	107.7
Total	1,567.5	1,558.4

Movements in provisions for other liabilities during the reporting period				
In millions of euros	Pension obligations	Restructuring provisions	Other provisions	Total
At 1 January 2007	1,450.7	45.8	61.9	1,558.4
Change in group	37.9	0.2	1.1	39.2
Additional provision made in the year	-	6.3	41.1	47.4
Unused amounts released	-	-1.4	-7.8	-9.2
Contributions paid	10.5	-	-	10.5
Withdrawal of provision during the year	-	-6.4	-25.3	-31.7
Interest cost post-retirement benefits	65.9	-	-	65.9
Current service cost post-retirement benefits	42.2	-	-	42.2
Benefits paid	-53.6	-	-	-53.6
Actuarial gains and losses outside corridor	-103.0	-	-	-103.0
Other adjustments	9.2	-	-0.4	8.8
Re-classified as liabilities relating to assets held for sale	-	-	-7.6	-7.6
At 31 December 2007	1,459.8	44.7	63.0	1,567.5

Pension obligations have been adjusted in line with the changes in accounting policies explained in 1.1.1.

The reorganisation provision primarily relates to the discontinuation of the activities of OHRA Belgium NV, a general insurer operating in the Belgian market. The entity will be wound up as soon as the remaining claim files have been closed. A provision of € 29.2 million has been formed for OHRA Belgium NV. Other reorganisation provisions include to minor restructuring programmes at Delta Lloyd Bank Belgium and Delta Lloyd Germany.

Other provisions comprise of many small provisions throughout Delta Lloyd Group for other obligations such as costs of compensation (€ 32.2 million) and staff entitlements (€ 8.6 million), among others. The possibility of these provisions being released to the income statement is considered to be remote.

Of the total provisions recognised in the balance sheet, approximately € 55.3 million is expected to be paid in the coming financial year. Of this amount approximately € 41.4 million relates to expected payments on pension benefits.

1.1.6.29 (29) Pension obligations

Introduction

Delta Lloyd Group has a number of pension schemes in the countries in which it operates, whose members receive benefits on a defined benefit basis. The main defined benefit scheme is in the Netherlands, and other schemes exist in Belgium, Luxemburg and Germany. In the Netherlands, the main scheme is held in a separate foundation which has reinsured its pension obligations with Delta Lloyd Levensverzekering NV, a subsidiary.

Disclosures under the amendment to IAS 19 issued in December 2004 for the material schemes in the Netherlands and abroad are provided on the following pages. Total pension costs for these schemes have been calculated under IAS 19. The figures for the Dutch scheme include arrangements to meet other post-retirement obligations to staff. Delta Lloyd Group also operates a variety of smaller pension schemes both in the Netherlands and in other countries.

There were no significant contributions outstanding or prepaid during the past two years.

Details of the significant defined benefit schemes

The valuation used for accounting under IAS 19 has been based on the most recent actuarial valuations, updated to take account of that standard's requirements in order to assess the liabilities of the material schemes at 31 December 2007. The updating was made by actuaries in each country, either by the actuarial departments of the divisions or by external consultants. Scheme assets are stated at their market values at 31 December 2007.

The main pension scheme in the Netherlands is based on average pay, with a retirement age of 65 years. Pension contributions are determined at 1 January of each year and are based on the hourly salary of the employee, multiplied by the number of contract hours. The pension rights are 2.15% per service year of the employee's pension base.

The most important features of the current plan, which was changed from 1 January 2006, are summarised below.

The actuarial rate used to determine the pension contribution by Delta Lloyd Group has been set at 3%.

- The actuarial rate used to determine the pension contribution by Delta Lloyd has been set at 3%.
- Additional contributions were made to compensate the shortfall as at 31 December 2005. Two types of additional contribution were involved:
 1. an additional contribution due to the increase in the provision caused by the change in the actuarial rate from 4% to 3%.
 2. a contribution in relation to the funding of the transition arrangements; this contribution takes the form of an annuity loan, extended by Delta Lloyd Life to the pension fund (via the employer).
- Indexation of pension and post-retirement benefit payments (by the employer) until 1 January 2011. Indexation will be based on the wage index for active employees and on the price index for retired employees.
- Delta Lloyd is not obliged to make additional future contributions in relation to the indexation of pension and post-retirement benefit payments after 1 January 2011. Indexation by the pension fund will only be applied on the basis of investment returns achieved by the fund.

Delta Lloyd Group has a deferred right to have its contributions refunded at the moment of transition (1 January 2011). Should the pension plan show a surplus on this date, 50% will be returned to Delta Lloyd Group. A surplus is understood to exist when the real market funding ratio exceeds 100%. The real market funding ratio is defined as the quotient of the market value of investments and the gross defined benefit obligations, calculated on the basis of current market interest rates and adjusted for forecast inflation. Any refund will not exceed the sum of the single-premium policies underlying the additional contribution. This potential refund is increased by an adjustment for interest at a rate of 3% per annum which is payable as of the date on which the additional contribution is made.

As at 31 December 2007, the pension plan assets exceeded the gross defined benefit obligation while the real market funding ratio was lower than 100% (96.5% at 31 December 2007). As a consequence, the entire surplus accrues to the pension fund members.

The pension and post-retirement obligations of Delta Lloyd Group are therefore equal to the pension plan assets as at the balance sheet date. Based on the actuarial valuations set out below, the provision for pension and post-retirement obligations was increased by € 18.4 million.

The details for the material defined benefit schemes are shown below. Where schemes 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 Netherlands plan) is the Coll 2003 table.

Main financial assumptions used to calculate defined benefit obligations under IAS 19				
In percentages	Netherlands 2007	Netherlands 2006	Foreign countries 2007	Foreign countries 2006
Data of most recent actuarial valuation				
Inflation rate	2.00%	1.90%	2.00%	1.70%-2.00%
General salary increases	3.00%+merit	2.40%+merit	2.00%-4.00%	2.00%-4.00%
Pension increases	2.00%	1.90%	1.00%-2.00%	1.00%-2.00%
Deferred pension increases	2.00%	1.90%	0.00%	0.00%
Discount rate	5.50%	4.60%	4.75%-5.25%	4.30%-4.50%

Pension increases and deferred pension increases in the Netherlands for periods after 31 December 2010 amount to 2.4%.

Expected rates of return on the plan assets				
In percentages	Netherlands 2007	Netherlands 2006	Foreign countries 2007	Foreign countries 2006
Equity securities	7.20%	6.50%	8.30%	8.60%
Bonds	4.60%	4.00%	5.10%	4.30%
Property	5.90%	6.20%	6.40%	6.10%
Other	4.60%	4.00%	4.75%	4.75%

The overall rates of return are based on the expected returns within each asset category and on current asset mix. The expected returns are developed in conjunction with external advisors and take into account both current market expectations of future returns, where available, and historical returns. These rates have been developed specifically for pension calculations under IAS 19 and therefore differ from the rates used in the European Embedded Value (EEV) calculations elsewhere in this report.

Pension expenses for the schemes		
In millions of euros	2007	2006
Current service costs	42.9	67.9
Interest charge on pension obligations	68.1	55.1
Past service costs	0.9	0.9
Minus expected return on reimbursement rights	-66.6	-63.0
Total charge to income	45.3	60.9

Pension expenses are expected to total € 45.8 million in 2008.

Reconciliation defined benefit obligation			
In millions of euros	2007	2006 after changes in accounting policies	2006 before changes in accounting policies
Defined benefit obligation recognised in the balance sheet	1,461.3	1,450.7	1,305.6
Past service costs not recognised	-10.2	-11.1	-11.1
Pension surplus Delta Lloyd Life Belgium (including the effect of the asset ceiling)	4.7	8.7	8.7
Cumulative unrecognised actuarial losses	44.3	45.3	190.4
Actual defined benefit obligation	1,500.1	1,493.6	1,493.6

Defined benefit obligations for an amount of € 52.7 million relate to plans that are wholly unfunded (2006: € 56.7 million).

Past service income not yet recognised amounts to € 10.2 million (2006: € 11.1 million). This amount is capitalised and will be recognised in the income statement over a period of 13 years, starting in 2006.

The following disclosures of experience gains and losses will be built up over time to give a five year history:

Experience gains and losses				
In millions of euros	2007	2006	2005	2004
Fair value of plan assets and reimbursement rights at the end of the year	1,465.8	1,450.6	1,271.4	1,120.9
Present value of defined benefit obligations at the end of the year	1,528.9	1,493.6	1,358.6	1,274.0
Net pension deficit	-63.1	-43.0	-87.2	-153.1

The amount of actuarial gains and losses not recognised as a result of the corridor approach described below is € 139.0 million at 31 December 2007 (2006: € 94.7 million).

The amounts recognised under actuarial gains and losses that are caused by experience adjustments on the pension obligations amount to a loss of € 2.4 million (2006: a loss of 2.3 million).

The assets of the schemes, attributable to defined benefit members at the year ended 31 December

In millions of euros	Netherlands 2007	Foreign countries 2007	Total 2007	Netherlands 2006	Foreign countries 2006	Total 2006
Equity securities	416.0	35.3	451.3	459.6	37.7	497.3
Bonds	757.0	19.2	776.2	738.9	17.6	756.5
Property	70.9	5.4	76.3	68.6	7.5	76.1
Other	155.8	6.2	162.0	119.2	1.5	120.7
Total fair value of assets	1,399.7	66.1	1,465.8	1,386.3	64.3	1,450.6

As the Delta Lloyd Pension Fund has insured its pension obligations with Delta Lloyd Life in the Netherlands, this entity recognises the related investments and a related insurance liability. To avoid double recognition, both as actual investments and plan assets/reimbursement rights on the asset side and defined benefit obligations and insurance liabilities on the liability side, the plan assets and the insurance liabilities have been eliminated on the balance sheet of Delta Lloyd Group.

The actual return on the assets backing the insurance liabilities in the Netherlands for the year 2007 amounted to minus € 30.8 million (2006: € 73.9 million). This amount is already recognised in the investment income of the life segment, as this segment holds the actual investments. The actual return on plan assets in the Belgian defined benefit plan for the 2007 financial year are € 2.3 million (2006: € 6.1 million). This amount is included in other operating expenses in the income statement.

Corridor

Delta Lloyd Group has opted to apply the ‘corridor approach’ when accounting for actuarial gains and losses in the main pension scheme in the Netherlands. Under this approach, the actuarial gains and losses that remain within the limits of the corridor (set at 10% of the defined benefit obligation) are not recognised. Any actuarial gains and losses outside the corridor are recognised during the average remaining working lives of the participants in the pension plan. As investments on behalf of the Netherlands pension scheme are administered by a group life company on the basis of an insurance contract, these investments do not qualify as plan assets. The insurance liabilities of the Netherlands pension scheme and the associated entitlements are eliminated from the financial statements. In calculating the actuarial gains and losses on the pension scheme, solely gains and losses on defined benefit obligations are taken into account. To make sure that the result reflects the economic matching between pension obligations and plan assets, actuarial gains or losses are partly taken to the income statement and amortised directly, allowing for actuarial gains and losses on plan assets / reimbursement rights, and only insofar as actuarial losses on obligations are matched by actuarial gains on plan assets and vice versa.

Corridor developments during the reporting period were as follows:

Corridor developments		
In millions of euros (unless indicated otherwise)	Pension plans in the Netherlands 2007	Pension plans in the Netherlands 2006
Net cumulative unrecognised actuarial gains and losses at 1 January	-94.7	-49.4
Limits of corridor	137.6	140.1
Excess	-	-
Average remaining working lives in years	12.2	13.1
Actuarial gains and losses to be recognised	-	-
Unrecognised actuarial gains and losses at 1 January	-94.7	-49.4
Actuarial gains and losses on obligations	-	-45.3
Subtotal	-94.7	-94.7
Actuarial gains and losses recognised	-	-
Unrecognised actuarial gains and losses at 31 December	-94.7	-94.7

1.1.6.30 (30) Borrowing

Carrying value

The following table provides information on the maturity periods of Delta Lloyd Group's borrowings.

Contract maturity date 2007							
In millions of euros	Less than 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 2007
Subordinated debt	-	-	-	-	-	412.2	412.2
Amounts owed to credit institutions	898.3	2.7	1.6	1.6	1.6	11.0	916.7
Securitised mortgage loan notes	6,234.3	495.0	553.0	369.7	-	-	7,652.1
Convertible loan	-	-	-	-	-	9.3	9.3
Other	350.3	23.4	37.8	3.9	9.8	56.7	481.9
Total borrowings	7,482.9	521.1	592.4	375.2	11.4	489.2	9,472.2

Contract maturity date 2006							
In millions of euros	Less than 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 2006
Subordinated debt	16.3	-	-	-	1.2	410.2	427.7
Amounts owed to credit institutions	278.1	26.0	22.4	13.0	2.6	63.7	405.9
Securitised mortgage loan notes	6,479.7	513.2	573.2	383.3	-	-	7,949.4
Convertible loan	-	-	-	-	-	9.3	9.3
Other	135.5	15.1	23.4	37.8	3.9	66.5	282.2
Total borrowings	6,909.6	554.3	619.0	434.1	7.7	549.7	9,074.5

The maturity periods and effective interest rates of the notes issued by the Arena and DARTS companies in relation to the securitised mortgage loans (see also note 17) are:

Portfolio: Delta Lloyd Life					
In millions of euros (unless indicated otherwise)	Amortised cost	Contract maturity date	Anticipated maturity date	Interest rate	Fair value
Arena 2000-I	549.5	10/2062	10/2010	EBed, range 6.1% - 10.5%	563.7
Arena 2001-I	466.5	07/2053	10/2008	EBed, range 5.5% - 6.5%	466.4
Arena 2002-I	470.5	06/2054	06/2009	EBed, range 5.3% - 6.1%	470.4
Arena 2003-I	339.0	05/2055	05/2011	EBed, range 4.3% - 5.2%	330.9
Total	1,825.5				1,831.4

Portfolio: Amstelhuys				
In millions of euros (unless indicated otherwise)	Fair value	Contract maturity date	Anticipated maturity date	Interest rate
Arena 2004-I	527.7	02/2037	02/2012	partly floating (3.6% - 4.6%) and Ebed 4.3%
Arena 2004-II	640.0	10/2051	10/2012	floating. range 3.8% - 4.7%
Arena 2005-I	948.6	02/2063	02/2011	floating. range 3.6% - 4.6%
Arena 2006-I	954.8	12/2064	03/2013	floating. range 3.7% - 4.9%
Arena 2007-I	350.7	10/2049	10/2014	floating 4.8%
DARTS 2004-I	440.6	10/2066	10/2014	floating. range 3.7% - 4.7%
DARTS 2005-I	964.9	11/2064	11/2014	floating. range 3.6% - 4.6%
Total	4,827.3			

Portfolio: Delta Lloyd Bank Belgium					
In millions of euros (unless indicated otherwise)	Amortised cost	Contract maturity date	Anticipated maturity date	Interest rate	Fair value
Arena B	999.2	04/2044	10/2011	floating, range 3.5% - 4.7%	980.7
Total	999.2				980.7

No changes in fair value of the securitised mortgage loans occurred due to changes in credit rating of Delta Lloyd Group, Amstelhuys or Delta Lloyd Bank Belgium. The nominal value of the loans measured at fair value through profit or loss at 31 December 2007 amounted to € 4,950.6 million (2006: € 4,941.2 million).

Description and features of the loans as at 31 December		
In millions of euros	2007	2006
Subordinated debt		
Fonds NutsOhra perpetuele lening	172.4	172.4
Fonds NutsOhra	21.7	21.7
ABN AMRO Bank	12.4	22.2
Aviva plc	205.6	204.9
Other loans	-	6.5
	412.1	427.7
Securitised mortgage loan notes		
Delta Lloyd Levensverzekering	1,825.5	1,998.1
Amstelhuys	4,827.3	4,941.3
Delta Lloyd Bank Belgium	999.2	1,010.0
	7,652.0	7,949.4
Amounts owed to credit institutions	916.7	405.8
Convertible loan	9.3	9.3
Other	482.1	282.1
Total	9,472.2	9,074.4

Fonds NutsOhra

The 2.5% perpetual subordinated loan notes were issued to finance the acquisition of NutsOhra Beheer BV in 1999. They are convertible into ordinary shares in Delta Lloyd NV, should there be a public offering of those shares. These loan notes have a face value of € 489.9 million but, because they are considered to be perpetual, their carrying value is € 172.4 million (2006: 172.4 million), calculated in 1999 and based on the future cash flows in perpetuity discounted back at a market rate of interest. The rate of interest paid on the notes is being gradually increased to a maximum of 2.76% in 2009. The fair value of the subordinated loan is € 185.7 million (2006: € 214.9 million).

A 5% 30 year € 21.7 million subordinated loan cum warrant, available for drawing in five tranches of € 4.3 million each, beginning on 1 September 2003 and ending on 7 May 2006. The warrant entitles the holder to 23,553 Delta Lloyd NV ordinary shares with a face value of € 9.08 each. The fair value at the end of 2007 is € 16.7 million (2006: € 21.7 million).

ABN AMRO Bank

A 7.4% perpetual € 12.4 million (2006 22.2 million) subordinated loan. The fair value of the subordinated loan is € 12.6 million (2006 € 28.9 million).

Aviva plc

The 5% € 250 million subordinated loan cum warrant has a term of 30 years. The warrant entitles the holder to 270,861 Delta Lloyd NV shares with a face value of € 9.08 each. Upon the granting of the loan, this warrant was separated from the liability at fair value and included in shareholders' equity. The fair value of the € 250 million subordinated loan is € 196.6 million (2006: 216.1 million).

The fair value of the long-term loans is based on the interest rates on long-term government bonds.

The warrant included in the loan from Aviva plc and Fonds NutsOhra can be exercised if Delta Lloyd NV seeks stock exchange listing.

In the event of bankruptcy, subordinated loans rank lower than other liabilities, but higher than preference and other shares. The perpetual subordinated loan extended to Fonds NutsOhra ranks lower than other subordinated loans.

Movements in borrowings during the year		
In millions of euros	2007	2006
At 1 January	9,074.4	7,761.2
New borrowings drawn down, net of expenses	1,788.2	2,483.3
Repayments of borrowings	-1,293.0	-1,164.7
Net cash inflow / outflow	495.3	1,318.6
Revaluation	-84.1	-5.4
Other adjustments	3.3	-
Re-classified as assets held for sale	-16.6	-
At 31 December	9,472.2	9,074.4

1.1.6.31 (31) Payables and other financial liabilities

Financial liabilities as at 31 December		
In millions of euros	2007	2006
Savings	2,064.7	2,076.1
Demand deposits	1,007.5	1,162.2
Deposits	1,504.3	800.7
Total Overdrafts	4,576.5	4,039.1
Third-party interests in investment funds	1,514.7	1,666.0
Other financial liabilities	262.6	270.7
Financial liabilities	6,353.9	5,975.8
Expected to be settled within one year	4,815.4	5,136.0
Expected to be settled in more than one year	1,538.5	839.8
Total	6,353.9	5,975.8

1.1.6.32 (32) Other liabilities

Other liabilities as at 31 December		
In millions of euros	2007	2006
Payables arising out of direct insurance	884.8	743.4
Payables arising out of reinsurance	91.9	80.8
Deposits received from reinsurers	1,036.3	1,032.3
Accruals and deferred income	345.2	406.9
Short-term creditors	1,833.1	1,619.4
Total	4,191.3	3,882.9

Liabilities expected to be settled		
In millions of euros	2007	2006
Expected to be settled within one year	3,480.7	3,869.6
Expected to be settled in more than one year	710.6	13.3
Total	4,191.3	3,882.9

1.1.6.33 (33) Contingent liabilities and other risk factors

Uncertainty over claims provisions

Note 23 gives details of the estimation techniques and assumptions used in determining the general business outstanding claims provisions and the life insurance business provisions respectively. The

assumptions are designed to ensure that the provisions and the appropriate emergence of surpluses to pay future bonuses are prudent. Both provisions are estimated to give an estimated result. Due to the nature of the estimate process, for example where experience is worse than that assumed for life insurance business, or where assumptions over general business claims inflation may alter in the future, there is uncertainty in respect of this liability.

Asbestos, pollution and other environmental hazards

In the course of conducting insurance business, various companies within Delta Lloyd Group receive general insurance liability claims and, as a result, become involved in actual or threatened litigation, including claims in respect of pollution and other environmental hazards. Amongst these are claims in respect of asbestos production and handling in the United States of America. Given the significant delays that are experienced in the notification of these claims, the number of potential claims involved and the uncertainties associated with establishing liability and the availability of reinsurance, the ultimate cost cannot be determined with certainty. However, Delta Lloyd Group's net exposure to such liabilities is not significant and, on the basis of current information and having regard to the level of provisions made for general insurance claims, Delta Lloyd Group considers that any costs arising are not likely to have a material impact on the financial position of Delta Lloyd Group.

Guarantees on life savings products

Note 34 gives details of guarantees and options given by various subsidiaries as a normal part of their operating activities, in respect of certain life insurance and fund management products.

Other

The Company and several of its subsidiaries have guaranteed the overdrafts and borrowings of certain subsidiaries and associates. In the opinion of the directors, no material loss will arise in respect of these guarantees and indemnities.

In addition, in line with standard industry practice, various subsidiaries have given in recent year guarantees, indemnities and warranties in connection with disposals of subsidiaries and associates to third parties. In the opinion of Delta Lloyd Group, no material loss will arise in respect of these guarantees, indemnities and warranties. The nature of the guarantees and security provided does not require these to be valued in accordance with IAS 39.

Several claims have been submitted, all of which are being disputed. On the grounds of legal advice and information obtained, it has been assumed that these claims will not have a significant adverse effect on Delta Lloyd Group's financial position. Accordingly, no provision has been made.

1.1.6.34 (34) Commitments

Contractual commitments for acquisitions or capital expenditures of investment property, property and equipment and intangible assets that were not recognised in the balance sheet, as well as guarantees and collateral that were not recognised in the balance sheet, were as follows:

Contrual commitments		
In millions of euros	2007	2006
Intangible assets	10.6	-
Investment property	47.7	-
Repairs and maintenance	0.1	0.1
Investments	117.4	242.2
Property under construction	45.5	0.0
Investments in Group	-	15.2
Contingent liabilities	1,241.8	1,116.1
Rentals	168.2	117.1
Total	1,631.2	1,490.8

Contingent liabilities includes irrevocable facilities in an amount of € 777.6 million (2006: € 656.9 million).

The item also includes IT services outsourcing contracts until the end of 2011 in an amount of € 244.8 million. The agreed minimum payment is € 72.2 million for 2008 and € 172.6 million for 2009 and beyond.

Delta Lloyd NV has committed to provide Delta Lloyd Lebensversicherung with € 35,0 million in additional capital before end-March 2008. In addition, it has issued a capital maintenance guarantee for 2009 and 2010, should Delta Lloyd Lebensversicherung's capital position deteriorate due to profit sharing.

Operating lease commitments

Future aggregate minimum lease payments under non-cancellable operating leases were as follows:

Operating lease commitments		
In millions of euros	2007	2006
Within one year	12.9	13.2
Between one and five years	42.3	43.6
More than five years	0.5	-
Total operating lease commitments	55.7	56.7

There are no subleases to third parties.

1.1.6.35 (35) Risk management policies

Governance framework

The primary objective of Delta Lloyd Group's risk management is to protect the Group from any influence that impacts the sustainable achievement of Delta Lloyd Group's objectives and financial performance, including the ability to exploit opportunities. The critical importance of having efficient and effective risk management systems in place has been recognised. Delta Lloyd Group has an established governance framework in place; this framework contains three key elements:

- Clear terms of reference for the Board, its committees, and the associated executive management committees;
- a clear organisation structure with documented delegated authorities and responsibilities (largely through role profiles); and

- a Group policy framework which sets out risk appetite, risk management, control and business conduct standards for Delta Lloyd Group's operations. Each policy has a member of senior management in charge to oversee compliance throughout Delta Lloyd Group.

During 2006, Delta Lloyd Group developed risk appetite policies and actively contributed to studies of the upcoming Basel II / Solvency II regulations, which require Delta Lloyd Group to develop group risk policies, and to document and analyse each key risk area - market, credit, insurance, operational risk as well as impact on overall group reputation, capital management and strategy.

Integration of risk and capital management

Delta Lloyd Group has developed an Internal Capital Assessment (ICA) framework for identifying the risks to which each of its business units and Delta Lloyd Group as a whole are exposed, and quantifying their impact on the volatility of economic capital. The ICA estimates how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk. This is carried out by all material parts of Delta Lloyd Group. Although the ICA is an internal process, Delta Lloyd Group shared ICA information with the Dutch insurance regulator and intends to continue this in the future. Alongside the ICA model that is based on a one-year horizon, Delta Lloyd makes use of multi-year stochastic risk models for both life and general insurance operations. These models enable Delta Lloyd to test and assess its long-term risk policy.

It is expected that the future regulatory risk management requirements can be largely met by the ICA models. The stochastic models are in the first instance intended for internal use and, apart from providing insight into various types of risk, can also be used for pricing and performance measurement.

Delta Lloyd Group risk structure

In 2006, four committees were set up to ensure effective decision-making on all risk management issues. Ultimately the Group Risk Committee (GRC) takes all decisions in this field. The GRC is advised by three committees:

- Financial Risk Committee
- Insurance Risk Committee
- Operational Risk Committee

Procedures have been drawn up for each committee, and approved by the GRC.

Impact of regulatory context on nature of the risks

A significant portion of Delta Lloyd Group's life insurance savings operations consists of products where the majority of investment risks are borne by the policyholders. Risks attributable to policyholders are actively managed to ensure that such risks are prudent and that they satisfy the policyholders' risk and reward objectives. Delta Lloyd Group informs its policyholders of the risks inherent to its products before and after these have been contracted, by means of the financial leaflet, for example.

In addition, Delta Lloyd Group's insurance operations are subject to local regulatory requirements in the jurisdictions in which the Group operates, which prescribe the type, quality and concentration of investments to be maintained in order to meet local insurance liabilities. These requirements help to ensure that the Delta Lloyd Group's risk levels are maintained at an acceptable level.

Solvency II is expected to be fully operational in 2012. Solvency II will replace the Solvency I regime, with the minimum required solvency henceforth being calculated according to the actual risks assumed by the insurer. Delta Lloyd Group closely monitors the Solvency II debate and is an active participant in the quantitative impact studies that are currently being conducted. In addition, Delta

Lloyd Group already incorporates the expected outcomes of this debate into the models currently being developed.

Management of insurance risk

Delta Lloyd Group issues contracts that transfer insurance risk, financial risk or both. This section summarises these risks and the way Delta Lloyd Group manages these risks.

The Insurance Risk Committee (IRC) and the Financial Risk Committee (FRC) prepare policy and oversee the implementation of this policy.

Insurance risk

Delta Lloyd Group uses the results of the Internal Capital Assessment (ICA) to quantify the order of magnitude of the insurance risks in the insurance portfolio. The insurance risk position of Delta Lloyd Group is assessed at least at an annual basis. When required, risk measures will be adjusted accordingly.

General, disability and health insurance risk

Risk management of the general insurance portfolios focuses on risk mitigation through strict underwriting policies, adequate claims handling procedures and risk-based reinsurance treaties.

Notwithstanding those measurements Delta Lloyd Group managed to increase the insurance portfolio and to strengthen its technical provisions (obtaining a high level of adequacy). Delta Lloyd Group's view is that a large portfolio benefits of risk diversification and hence reduces overall risk.

Besides, the risk profile of the general insurance portfolio is measured using an integrated risk-based capital model. The model identifies underwriting risk, reserving risk, catastrophe risk and business risk. The frequency and severity of claims is simulated on a stochastic basis. In the Netherlands the major catastrophic risk is windstorm in combination with hailstorm both with a severe impact. Future claim payments are also simulated on a stochastic basis. The results give insight into the sources of uncertainty and are managed accordingly.

When a concentration of risks could occur (for instance when underwriting a number of properties that are in close proximity) Delta Lloyd Group's underwriting policy prohibits acceptance of these risks if the total insured amount on a risk location exceeds the thresholds set by the reinsurance contracts.

Due to the changes of the health insurance system in the Netherlands at the beginning of 2006, the insurance risks of the health insurance contracts have changed. The vast majority of the insurance risks is pooled with all the Dutch health insurance companies through an apportionment system. The compulsory participation of insurance companies in the pool eliminates the effects of anti-selection. The uncertainty within this line of business is primarily reflected in expense risk (not enough cost loading in the premiums to cover the expenses of the company).

Risks arising under life insurance contracts

The risk management of the life insurance portfolios focuses on risk mitigation by underwriting policies, adequate pricing and reserving policies as well as reinsurance treaties. In the life insurance portfolios the longevity risk is identified as the risk with highest exposure. Delta Lloyd Group manages this risk through consistent strengthening of the technical provisions in combination with balanced product mix management.

The mortality risk caused by Spanish flu type pandemics does not exceed the current risk limits set by Delta Lloyd Group. New developments in pandemic diseases are closely followed by the (re)insurance industry and medical advisors.

The portfolio in force was investigated in terms of insurance options and guarantees, like guaranteed annuity options and indexation options. The investigation identified no options and guarantees other than those Delta Lloyd Group was already aware of. Based on actual experience adequate provisions are held for the known options and guarantees.

Future premium receipts are surrounded by a few sources of uncertainty. If market interest rates increase sharply it is expected but not proved that the lapse rates of individual life insurance contracts will increase. Recent investigation provided no solid proof for a strong correlation between lapse rates and the level of the market interest rate. The one but last ICA gave insight in the effects of extreme selectivity in the individual life insurance portfolio, the impact is limited.

If the market interest rate remains at the current low level or even decreases further there is uncertainty surrounding the renewal rate of group pension contracts. The development of future premiums very much depends on market conditions at that specific moment.

Financial risk

The FRC advises the GRC on financial risks.

A number of proposals to limit sensitivity to market risk were put forward in 2007. Structural policies to measure, manage and monitor equity and interest rate risk are in the pipeline. Policy proposals for property and credit risk will follow during the first half of 2008.

Terms and conditions

Uncertainty surrounding the timing and amount of cash outflows is an integral part of the nature of most life insurance contracts. However, insurance contracts do not contain any terms and conditions that could lead to material uncertainty of Delta Lloyd Group's cash flows other than those that form part of the regular business of Delta Lloyd Group, the risk of which is limited through risk management techniques and policies employed.

Liability exposure is present in unit linked products whereby policyholder funds are partly invested in fixed interest investments and equities at the discretion of the policyholder, where most of the risk remains with the policyholder. Examples of these products include universal life and unit-linked products. Delta Lloyd Group typically earns a fee on the asset balance held in relation to these products and therefore has a risk related to the investment performance. In addition, some of this business has minimum return or accumulation guarantees, which are often contingent upon the policy being continued to the expiry date. Delta Lloyd Group is at risk if equity market returns do not exceed these guarantee levels and may need to set up additional reserves to fund these future guaranteed benefits. It is possible under certain circumstances that Delta Lloyd Group would need to establish additional provisions for minimum guaranteed benefits, which would reduce net income and equity. Furthermore, Delta Lloyd Group allows for developments in society when determining its assumptions as to the adequacy of insurance liabilities. These are described in more detail in note 23.

Life insurance contracts can be surrendered voluntarily by the policyholder. Policyholder decisions can affect future cash flows of those portfolios.

Sensitivity analysis - life insurance

The nature of the insurance business is such that a number of assumptions have been made in compiling the financial statements. These include assumptions concerning investment returns, lapse rates, mortality rates and expenses in connection with in-force policies.

The sensitivity of the insurance provisions and assets backing the provisions to changes in assumptions is set out below. For each sensitivity factor, all other assumptions have been left unchanged. In practice this is unlikely to occur and changes in some of the assumptions may be

correlated eg, change in interest rate and change in market values; change in lapses and future mortality. These sensitivities can be described as follows:

Sensitivity of the insurance provisions	
Sensitivity factor	Description of sensitivity factor applied
Interest rate	The impact of changing the interest rate by $\pm 1\%$ (eg, review at 4% and 6% if the valuation interest rate is 5%). The test allows consistently for similar impacts on the unit-growth rate, bonus rates and expense inflation assumptions.
Expenses	The impact of increasing expense assumptions by 10%
Insurance mortality / disability	The impact of increasing the mortality / disability rate assumptions for insurance contracts by 5%
Annuitant mortality	The impact of reducing the mortality rate assumptions for annuity contracts by 5%

The above sensitivity factors, which are determined using actuarial and statistical models, have the following impact on the financial statements:

Participating insurance contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2007	Impact on equity before tax 2007	Impact on result before tax 2006	Impact on equity before tax 2006
Risk factor					
Interest rate	+1%	-9.8	-10.4	0.5	-2.1
Interest rate	-1%	-42.3	-41.7	1.1	3.9
Equity securities / property	+10%	12.3	13.3	54.8	54.8
Equity securities / property	-10%	-12.3	-13.3	-54.8	-54.8
Expenses	+10%	-1.3	-1.3	-1.6	-1.6
Assurance Mortality/Morbidity	+5%	-0.2	-0.2	-0.2	-0.2
Annuitant mortality	-5%	-	-	-	-

Non-participating insurance contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2007	Impact on equity before tax 2007	Impact on result before tax 2006	Impact on equity before tax 2006
Risk factor					
Interest rate	+1%	19.7	84.1	-13.0	-17.6
Interest rate	-1%	-7.1	-86.3	-284.6	-280.0
Equity securities / property	+10%	47.4	128.3	143.9	169.1
Equity securities / property	-10%	-45.3	-126.1	-168.2	-193.4
Expenses	+10%	-1.4	-1.4	-1.6	-1.6
Assurance Mortality/Morbidity	+5%	-1.3	-1.3	-1.0	-1.0
Annuitant mortality	-5%	-	-	-	-

Participating investment contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2007	Impact on equity before tax 2007	Impact on result before tax 2006	Impact on equity before tax 2006
Risk factor					
Interest rate	+1%	-55.4	-55.3	-7.4	-7.4
Interest rate	-1%	-35.9	-35.9	-46.2	-46.2
Equity securities / property	+10%	1.8	1.8	1.6	1.6
Equity securities / property	-10%	-1.8	-1.8	-1.6	-1.6
Expenses	+10%	-8.8	-8.8	-7.8	-7.8

Investments allocated to equity					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2007	Impact on equity before tax 2007	Impact on result before tax 2006	Impact on equity before tax 2006
Risk factor					
Interest rate	+1%	-	-	-	-
Interest rate	-1%	-	-	-	-
Equity securities / property	+10%	213.3	632.2	354.7	315.0
Equity securities / property	-10%	-198.5	-617.4	-354.7	-315.0
Expenses	+10%	-	-	-	-

Sensitivity analysis - health, disability and general insurance

General insurance liabilities are estimated by using standard actuarial projection techniques. The main assumption underlying these techniques is that the company's past claims development experience can be used to project future claims development. As such these methods extrapolate the claims development for each accident year based on the observed development of earlier years. In several cases no explicit assumptions are made regarding future rates of claims inflation or loss ratios, instead the assumptions used are those implicit in the historic claims development on which the projections are based.

As such it is not possible to base sensitivity analysis on predetermined adjustments to the assumptions used to estimate the general insurance liabilities because explicit assumptions do not exist. Explicit assumptions only exist for disability business. Sensitivities for general insurance business are shown in the table below.

Gross of reinsurance General and Health contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2007	Impact on equity before tax 2007	Impact on result before tax 2006	Impact on equity before tax 2006
Risk factor					
Interest rate	+1%	-3.3	-75.6	-7.9	-133.2
Interest rate	-1%	2.4	81.9	4.4	145.5
Equity securities / property	+10%	8.4	53.6	-	61.9
Equity securities / property	-10%	-8.4	-53.6	-	-61.9
Expenses	+10%	-11.8	-6.8	-30.9	-16.1
Loss Ratio	+5%	-28.8	-28.8	-78.3	-78.3

Net of reinsurance General and Health contracts					
In millions of euros (unless indicated otherwise)	Variability	Impact on result before tax 2007	Impact on equity before tax 2007	Impact on result before tax 2006	Impact on equity before tax 2006
Risk factor					
Interest rate	+1%	-3.5	-75.8	-7.9	-133.2
Interest rate	-1%	2.7	82.2	5.9	147.0
Equity securities / property	+10%	8.4	53.6	-	61.9
Equity securities / property	-10%	-8.4	-53.6	-	-61.9
Expenses	+10%	-11.2	-6.6	-30.5	-15.8
Loss Ratio	+5%	-24.6	-24.6	-75.4	-75.4

The recent results of the risk-based capital model imply that the current financial position is more than adequate to cover the modelled risks. The model is developed in dedicated software, through a financial simulation engine that takes account of the uncertainties of the real world in business decisions and forecasting. Within Delta Lloyd Group the tool is used for Enterprise Risk Management (ERM), financial condition assessment, reinsurance retention studies, risk pricing and the calculation of capital requirements.

All Property & Casualty (P&C) Business of Delta Lloyd Group is modelled at an aggregated level. The modelled business is divided into 7 coherent classes. The model measures underwriting, reserving, catastrophe and market risk of the general insurance business in a consistent way using calibrated stochastic scenarios. The model developed was adopted by most business units in 2007 for the purposes of risk and capital management (reinsurance policy/RBC).

Limitations of sensitivity analysis

The above demonstrates the effect of a change in a key assumption while other assumptions remain unaffected. Such an occurrence in reality is very unlikely, due to correlation between the factors. Also be aware that these sensitivities are non-linear, and larger or smaller impacts cannot easily be gleaned from these results.

The above sensitivity analysis only measures the impact of changes in the key assumptions used for liabilities. Often, particularly in situations involving interest rate sensitivity, the overall impact on the organisation will depend on related value changes in assets and, as a consequence, on the success of asset and liability management. The sensitivity analyses do not take into consideration that Delta Lloyd Group's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs. The financial risk management strategy aims to minimise the exposure to market fluctuations, including selling investments, changing investment portfolio allocation and using derivative financial instruments.

Other limitations in the above sensitivity analyses include: the use of hypothetical market movements to demonstrate potential risk that only represent Delta Lloyd Group's view of reasonably possible near-term market changes that cannot be predicted with any certainty; the assumption that all interest rates move in an identical fashion.

A number of the business units use passive assumptions to calculate their liabilities. Consequently, the actual impact of a change in the assumptions for mortality or interest does not affect the insurance liabilities directly. Changes of experience assumptions can lead to inadequate provisions and, as a consequence, to adjustment of the provisions.

Maturity periods

The market value of Delta Lloyd Group's investments is exposed to potential fluctuations in interest rates. Exposure to interest rate risk is managed through the monitoring of several risk measures, which includes position limits, scenario testing, stress testing (Solvency at Risk) and asset and liability matching using measures like modified duration.

Interest rate risk arises primarily from Delta Lloyd Group's investments, long-term debt and fixed-income securities. Interest rate risk is managed through the use of a variety of derivative instruments, including futures, options and swaps, in order to hedge against unfavourable market movements in interest rates inherent in the underlying assets and liabilities.

The following table summarises the contractual repricing or maturity dates (whichever is earlier) for fixed-rate and variable-rate financial liabilities. In 2005, Delta Lloyd Group formed a provision for market interest rates, as a result of which the majority of the Group's investments and liabilities are valued at market rates. The prudential reserve principles that are applied for provisioning purposes were not adjusted. The provision for market interest rates enables Delta Lloyd Group to manage the duration mismatch between investments and liabilities, which is necessary for economic reasons.

Analysis of expected maturity of financial liabilities as at 31 December 2007

In millions of euros	Total 2007	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years
Non-linked insurance	18,960.6	1,267.1	5,370.4	7,347.8	4,975.3
Non-linked investment	2,149.8	330.0	753.3	677.9	388.6
Unit-linked	11,050.7	1,191.0	2,241.4	4,224.5	3,393.9
Total life insurance and investment contract liabilities	32,161.1	2,788.1	8,365.1	12,250.2	8,757.8
General insurance liabilities	1,900.8	748.5	758.7	333.5	60.1
Health insurance liabilities	853.3	531.2	317.3	1.6	3.2
Total	34,915.2	4,067.8	9,441.1	12,585.3	8,821.0

Health insurance liabilities are classified as 'liabilities relating to assets held for sale' in the consolidated balance sheet. In addition, life insurance and investment contract liabilities of CUIL in an amount of € 560.1 million are also classified as 'liabilities relating to assets held for sale' in the consolidated balance sheet.

Analysis of expected maturity of financial liabilities as at 31 December 2006

In millions of euros	Total 2006	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years
Non-linked insurance	17,115.1	1,164.3	4,288.3	6,516.0	5,146.5
Non-linked investment	1,665.4	100.6	782.6	547.1	235.1
Unit-linked	12,440.7	1,079.6	2,185.2	4,395.9	4,780.0
Total life insurance and investment contract liabilities	31,221.2	2,344.5	7,256.0	11,459.0	10,161.6
General insurance liabilities	1,683.1	727.5	591.7	302.0	62.0
Health insurance liabilities	913.7	845.9	61.7	5.2	0.9
Total	33,818.0	3,917.9	7,909.4	11,766.2	10,224.5

Embedded derivatives within insurance contracts

A part of the life insurance portfolio has a guaranteed maturity benefit. Except from the traditional life insurance contracts, guaranteed maturity benefits are granted on unit-linked contracts and segregated account contracts. There are strict conditions for execution of the guarantee, like

participation in specified funds and allocation of premiums during a specified period. If the policyholder meets the conditions a return between 2 and 4% per annum is guaranteed on each premium. The height of the return depends on the issue date of the contract. The guarantee can only be executed at the maturity of the unit linked contracts and until the renewal date of the segregated account contracts.

The market value of the guarantee is calculated at year end and held as reserve. The market value is calculated using risk neutral scenarios.

Most non-linked life insurance contracts have a profit sharing option. The profit sharing is based on the market interest rate of a basket of Government bonds with a specified duration. The return on the aforementioned basket is monthly presented by the regulator. The profit sharing takes in account the timing and amount of historical premium cash in flow. This method is widely used in the Dutch market.

Market risk management

Delta Lloyd Group has completed a project that enables forecasting models and tooling to create dynamic matching portfolios and strategies for investing the economic capital. New portfolio construction techniques have been developed to optimise investment income returns under IFRS in the context of yearly rebalancing of the asset mix. The project achieved that unified yield curves, market and growth forecasts and interest rate outlooks are used in models and fair value calculations on a group-wide basis.

The market value of Delta Lloyd Group's investments are exposed to potential fluctuations in interest rates. Exposure to interest rate risk is managed through the monitoring of several risk measures, which includes Solvency-at-Risk analysis, position limits, scenario testing, stress testing and dynamic asset and liability matching using measures like duration.

Interest rate risk arises primarily from Delta Lloyd Group's investments, long-term debt and fixed-income securities. Interest rate risk is managed through the use of a variety of derivative instruments, including futures, options and swaps/swaptions, in order to hedge against unfavourable market movements in interest rates inherent in the underlying assets and liabilities.

In 2007, Delta Lloyd Group entered into several sizable swaption agreements to mitigate the effects of potential adverse interest rate movements. The swaption position is monitored several times a year. As part of this process, the Groups assesses the need to adjust the position.

Market risk

Market risk is the risk of adverse impact due to changes in fair values of financial instruments due to fluctuations in foreign currency exchange rates, interest rates, property prices and equity prices. Market risk arises within business units due to fluctuations in liabilities arising from products sold and the value of investments held. At Delta Lloyd Group level, it arises in relation to the overall portfolio of international businesses. The management of market risk is undertaken at three levels within the insurance business units, the Asset Management Division and at Delta Lloyd Group level. Policies and procedures are in place for each of the major components of market risk, described in more detail below.

Derivatives are used only to a limited extent, based on decisions reached by the GRC in consultation with the statutory directors of the insurance businesses and the banking divisions. Derivatives are used for investment or hedging purposes, or to structure specific retail-savings products. Speculative activity is generally not permitted. All derivative transactions are fully covered by either cash or corresponding assets and liabilities. Derivative contracts are entered into only with approved counterparties, in accordance with Group policies, thereby reducing the risk of credit loss.

Delta Lloyd has recognised adverse effects on the value of its financial investments caused by the continuing turbulence on the financial markets. These are recognised as impairments on the financial investments as disclosed in note 15. Delta Lloyd Group continuously monitors the developments on the financial markets. As of yet there are no indications for further significant impairments. Furthermore Delta Lloyd Group does not intend to change the parameters and assumptions regarding to the sensitivity analyses.

Foreign currency exchange risk

Delta Lloyd Group operates within the euro zone and thus is not materially exposed to foreign currency exchange risk arising from fluctuations in exchange rates of various currencies. Delta Lloyd Group's investments and investment income are affected by currency movements, in particular by movements in pounds sterling and US dollars. In managing its foreign currency exposures, the Group occasionally hedges investment positions in foreign currencies to limit the impact of fluctuations in exchange rates on profit and loss. Delta Lloyd Group does not apply hedge accounting under IAS 39 to offset hedging gains and losses. The majority of foreign currency exchange risk relates to unit-linked portfolios where the policyholder carries the investment risk. This means that Delta Lloyd Group is exposed to limited risk. As a consequence, no sensitivity analysis of foreign currency exchange risk is provided.

Net assets as at 31 December by principal currency		
In millions of euros	2007	2006
Euro	3,854.0	1,799.3
Pound Sterling	223.3	1,474.0
United States dollar	681.2	949.5
Other	344.8	499.5
Total	5,103.3	4,722.4

Interest rate risk

Interest rate risk arises primarily from Delta Lloyd Group's investments and long-term liabilities. Interest rate risk is managed through the use of a variety of derivative instruments, including futures, options and swaps, in order to hedge against unfavourable market movements in interest rates inherent in the underlying assets and liabilities.

During 2007, Delta Lloyd Group entered into several sizable swaption agreements to mitigate the effects of potentially adverse interest rate movements.

Analysis in 2006 led to the decision not to make any adjustments to this position. The risks relating to Delta Lloyd Bank's mortgage portfolio are managed separately, using swaps among other instruments.

Property price risk

Delta Lloyd Group is subject to property price risk due to its holdings of investment properties in a variety of locations worldwide. At 31 December 2007, the Group had not entered into any material derivative contracts to mitigate the effects of changes in property prices.

Equity price risk

Delta Lloyd Group is subject to equity price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively monitored and managed through the use of derivative instruments, including futures and options, in order to mitigate potentially unfavourable market movements. It was decided in December 2007 to hedge part of the equity risk. Furthermore, the Group had no material holdings of unquoted equity securities.

Concentrations of risk

Delta Lloyd Group holds a relatively high percentage of the ownership of several equities in its portfolio. Due to that Delta Lloyd Group is slightly over weighted in certain titles if compared to certain major indexes. This strategy is driven by the fact that returns on 5%-interests are tax exempt. Dependent on the vision and results of calculations made by Delta Lloyd Group, positions are hedged against decreases of rates. Concentrations of risk are further minimised by the size of Delta Lloyd Group's investment portfolio and the asset management strategy adopted.

Correlations between market risk and other risks

A number of policyholder participation features have an influence on Delta Lloyd Group's interest rate risk. The following are the major features identified:

- Guaranteed maturity benefit in traditional life insurance contracts.
- Guaranteed surrender value in parts of the traditional life insurance contracts.
- Profit sharing option.

Should interest rates decrease by 100 basis points, Delta Lloyd Group's exposure to interest rate risk on embedded derivative insurance contracts would become material.

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations, or changes to the market value of assets caused by changed perceptions of the credit worthiness of such counterparties.

Delta Lloyd Group's management of credit risk includes measurement of large individual counterparty exposures where aggregate data is monitored at group level. In addition, Delta Lloyd Group actively manages the concentration of exposures by industry sector, Standard & Poor's credit ratings, currency, and geographic region in its investment portfolios.

Financial assets are graded according to credit ratings issued. AAA is the highest possible rating. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets which fall outside this range are classified as speculative grade. Delta Lloyd Group generally only invests in investment grade financial assets.

Credit risk as at 31 December							
In millions of euros	AAA	AA	A	BBB	Speculative rate	Not rated by Standard & Poor's	Total 2007
Debt securities	7,397.3	2,125.3	1,103.2	255.1	5.3	2,762.1	13,648.3
Reinsurance assets	1,588.6	489.7	406.4	65.0	-	15,314.6	17,864.2
Reinsurance assets	1,588.6	508.5	406.4	65.0	-	15,314.6	17,883.0
Total	8,985.9	2,633.8	1,509.6	320.1	5.3	18,076.6	31,531.4

Credit risk as at 31 December 2006							
In millions of euros	AAA	AA	A	BBB	Speculative rate	Not rated by Standard & Poor's	Total 2006
Debt securities	8,995.8	1,678.2	1,387.6	319.0	5.7	1,624.0	14,010.3
Reinsurance assets	659.4	517.2	17.9	5.2	-	156.4	1,356.2
Total	9,655.2	2,195.4	1,405.5	324.2	5.7	1,780.4	15,366.5

The debt securities listed here only include securities held for Delta Lloyd Group's own account; the credit risk on debt securities pledge in relation to unit-linked business is assumed by the policyholder (see note 15).

The table below provides an overview of (i) the carrying amounts of impaired financial assets and (ii) an ageing analysis of financial assets that have not yet been impaired despite being owed.

Financial assets adjusted for impairment				
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 2007
Equity securities	13,382.9	-	895.1	14,278.0
Loans	17,590.8	265.0	22.3	17,878.1
Receivables and other financial assets	2,876.9	142.1	2.0	3,021.0
Total	33,850.6	407.1	919.4	35,177.1

Financial assets adjusted for impairment during previous reporting period				
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 2006
Loans	16,631.7	55.9	93.3	16,781.0
Receivables and other financial assets	2,523.7	2.7	1.9	2,528.2
Total	19,155.3	58.6	95.2	19,309.2

Maturity of financial assets that are past due but not impaired as at 31 December 2007					
In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 2007
Loans	236.1	15.0	4.0	9.9	265.0
Receivables and other financial assets	99.9	15.4	22.3	4.5	142.1
Total	336.0	30.4	26.3	14.4	407.1

Maturity of financial assets that are past due but not impaired as at 31 December 2006					
In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 2006
Loans	50.4	3.0	0.5	2.1	55.9
Receivables and other financial assets	1.0	0.6	1.1	-	2.7
Total	51.4	3.6	1.5	2.1	58.6

The fair value of collateral under loans that have not yet been impaired despite being owed amounts to € 200.6 million at year-end 2007 (2006: € 116.9 million).

Delta Lloyd Group did not have any significant concentrations of credit risk exposure in 2007.

Reinsurance credit exposure

A balanced policy is in place to monitor and decide on reinsurance credit exposures and underwriting of new reinsurance contracts. The relationship with Aviva and reinsurance brokers provides continuous information about the quality of the Group's current reinsurers. By diversifying Delta Lloyd Group searches for the optimum between risk and return.

Liquidity risk

Delta Lloyd Group maintains a strong liquidity position. By pursuing an active cash management policy, Delta Lloyd Group aims to keep sufficient resources to meet its obligations in time. Delta Lloyd Group also has sizeable credit lines with several reputable financial institutions. As a result, the liquidity risk is negligible.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. This definition is intended to include all risk exposures to which Delta Lloyd Group is exposed, other than the financial risks described above, and strategic and Group risks that are considered briefly below. Hence operational risks include, for example, IT, information security, project, outsourcing, legal, fraud and compliance risks.

As with other risk categories, line management of business areas bears primary responsibility for the effective identification, management and monitoring of risks and reporting to the business unit Executive and Group, in accordance with Group policies. Business unit risk management and governance functions are responsible for implementing Delta Lloyd Group risk management methodologies and frameworks to assist line management in this work. They also provide support and independently challenge the completeness, accuracy and consistency of risk assessments, and the adequacy of mitigating action plans. In this way, the business unit Executive satisfies itself that material risks are being mitigated and reported to an acceptable, predefined level.

Operational risks are assessed according to the potential impact and probability of the event concerned. These impact assessments are made against financial, operational and reputational criteria. As with other risks, operational risks are reported to Group on a quarterly basis. Risks assessed by business units to be at the two highest impact assessments are escalated to Group during the quarter as well. A holistic view of Delta Lloyd Group's financial and non-financial risks, including operational risks, is monitored by the Group Risk Committee on a quarterly basis.

1.1.6.36 (36) Derivative financial instruments

Non-hedge derivatives

Delta Lloyd maintains the following non-hedge derivative assets						
In millions of euros	Contract / notional amount 2007	Fair value asset 2007	Fair value liability 2007	Contract / notional amount 2006	Fair value asset 2006	Fair value liability 2006
Foreign exchange contracts						
OTC						
Forwards	1,303.1	4.5	4.6	1,297.6	6.9	6.9
Interest rate and currency swaps	19.9	1.1	-	-	0.6	-
Total foreign exchange contracts	1,322.9	5.6	4.6	1,297.6	7.6	6.9
Interest rate contracts						
OTC						
Forwards	50.0	0.3	0.2	320.5	0.3	-
Interest rate and currency swaps	9,838.7	204.7	80.7	6,708.7	148.1	104.6
Options	400.0	12.9	-	-	-	-
Exchange traded						
Futures	77.2	-	0.6	319.8	-	0.3
Total interest rate contracts	10,365.9	217.9	81.6	7,349.0	148.4	104.8
Equity/index contracts						
OTC						
Forwards	0.0	-	-	11.2	-0.1	-
Options	1,000.6	65.7	-	4,794.5	38.7	0.9
Exchange traded						
Futures	0.0	0.0	-	98.4	0.2	0.7
Options	507.2	16.5	-	186.4	6.3	2.3
Total equity/Index contracts	1,507.8	82.2	-	5,090.5	45.1	3.9
Other	-	-	-	155.5	-0.6	0.6
Total	13,196.6	305.7	86.1	13,892.6	200.4	116.2

Delta Lloyd Group does not apply hedge accounting as defined in IAS 39. It does not, therefore, offset any hedged positions, or directly include hedge results in its equity.

Non-hedge derivative assets have the following maturities				
In millions of euros	Fair value asset 2007	Fair value asset 2006	Fair value liability 2007	Fair value liability 2006
Within one year	300.3	181.7	85.7	26.5
More than one year	5.4	18.7	0.4	89.6
Total	305.7	200.4	86.1	116.2

1.1.6.37 (37) Assets under management

Assets under management as at 31 December		
In millions of euros	2007	2006
Total assets included in the consolidated balance sheet	54,360.2	52,477.6
Third-party funds under management	12,271.2	8,212.6
Total assets under management	66,631.4	60,690.2

Third-party funds under management include funds managed by Delta Lloyd Group that have not yet been recognised in the consolidated financial statements.

1.1.6.38 (38) Related party transactions

Services provided to related parties				
In millions of euros	Income earned in year 2007	Receivable at year end 2007	Income earned in year 2006	Receivable at year end 2006
Aviva group companies	59.2	142.4	50.4	94.9
Total	59.2	92.2	50.4	94.9

Services provided by related parties				
In millions of euros	Expenses incurred in year 2007	Payable at year end 2007	Expenses incurred in year 2006	Payable at year end 2006
Aviva group companies	36.2	6.3	36.7	10.3
Employee pension schemes	64.2	1,465.8	55.5	1,451.3
Total	100.4	1,472.1	92.1	1,461.6

Related party transactions primarily involve transactions that have been entered into with the pension fund, as well as a loan and a reinsurance contract with an Aviva group entity.

The related parties payables are not secured and no guarantees were received in respect thereof. The payables will be settled in accordance with normal credit terms.

A maturity analysis of pension obligations is included in note 29 of the consolidated financial statements. The obligations to Aviva group companies are of a long-term nature.

Information concerning the emoluments, interests and transactions of members of the Executive Board and Supervisory Board are included in note 8 Remuneration of directors.

In addition to the positions included in the above tables, Delta Lloyd Group has received three long-term loans. Two from Fonds NutsOhra and one from Aviva plc. Further information on these loans is included in note 30.

1.1.6.39 (39) Capital Management

The capital structure of Delta Lloyd Group is managed on the basis of the ICA (Internal Capital Assessment) balance sheet under IFRS. Based on different economic and operating scenarios, the required minimum capital is set for each individual entity. The total capital employed is allocated in such a way that the required minimum levels are met and the expected returns are maximised, while the operating income from the capital allocated is higher than the costs of capital.

Capital Management

In managing its capital, the Group 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. In addition, a significant proportion of the capital is held in equities and property, particularly in the general and health insurance operations, reflecting the generally lower risk profile of these businesses;
- maintain financial strength to support new business growth and satisfy the requirements of its policyholders, regulators and rating agencies;
- retain financial flexibility by maintaining strong liquidity, including significant unutilised credit lines, and access to a range of capital markets; and
- allocate capital efficiently to support growth.

An important aspect of the Group's capital management process is the setting of after-tax profitability targets for the individual divisions. These targets are aligned to the performance objectives and ensure that the Group is fully focused on the creation of value for shareholders. The Group has a number of sources of capital available to it and seeks to optimise its debt to equity structure in order to ensure that it can consistently maximise returns to shareholders.

Total capital employed

Total capital employed is defined as shareholders' equity including preference shares plus the (perpetual) subordinated loans received from Fonds NutsOhra, Aviva Plc. and ABN AMRO Bank and borrowings.

The application and composition were as follows:

Net assets as at 31 December		
In millions of euros	2007	2006
Life insurance	4,244.2	4,238.1
General insurance and health	1,119.2	1,029.9
Other	1,317.7	595.4
Fund Management	64.1	67.0
Total capital employed	6,745.2	5,930.4
Financed by:		
Equity shareholders' funds and minority interests	5,026.2	4,728.3
Preference shares	77.1	77.1
Subordinated debt	412.1	427.7
Borrowings	1,229.8	697.3
Total	6,745.2	5,930.4

At 31 December 2007, the Group's total capital employed amounted to € 6,745.2 million (2006: € 5,930.4 million), which was financed by equity shareholders' funds, reserves, retained earnings, subordinated debt and other external debt. In 2007, the total capital employed increased by € 814.8 million driven by the acquisition of Erasmus, operating results and developments in capital and equity markets during the year.

Capital requirements

To provide high assurance that the demands of shareholders and policyholders are met, a minimum capital requirement has been defined. The required capital is determined according to two methods: ICA, whereby the resilience of capital is measured in extreme scenarios, and the regulatory solvency requirement. Delta Lloyd Group compares the total capital employed against the required capital at regular intervals.

The following table shows the development of the total capital employed against these two requirements (the ICA figure for 2007 being based on a preliminary calculation).

Development of the total capital employed		
	2007	2006
ICA total balance sheet	154%	143%
Solvency	294%	297%

The Group fully complied with the regulatory requirements, on both a local and consolidated basis, during the year.

Amsterdam, 19 February 2008

Executive board

N.W. Hoek, *chairman*

P.J.W.G. Kok

P.K. Medendorp

H.H. Raué

Supervisory board

R.H.P.W. Kottman, *chairman*

V.A.M. van der Burg

P.G. Boumeester

E.J. Fischer

J.G. Haars

A.J. Moss

M.H.M. Smits

Ph.G. Scott

1.2 Company financial statements

Company income statement for the year ended 31 December		
In millions of euros	2007	2006
Result from participating interests after tax	753.7	770.8
Other result after taxation	-14.7	-46.2
Total result after taxation	739.0	724.7

Of the result on participating interests, an amount of € 751.7 million (2006: € 768.3 million) refers to Group companies and € 2.0 million (2006: € 2.6 million) to other participating interests.

Company balance sheet as at 31 December before appropriation of profit		
In millions of euros	2007	2006
Goodwill (I)	182.9	137.4
Total intangible fixed assets (I)	182.9	137.4
Participating interests in group companies (II)	5,086.4	5,175.7
Participating interests with significant influence (II)	93.7	21.5
Total financial fixed assets	5,180.1	5,197.2
	5,363.0	5,334.6
Equity securities (III)	265.8	284.6
Long-term loans (III)	212.1	104.1
Short-term loans (III)	12.3	2.5
Receivables (IV)	686.7	950.6
Cash and cash equivalents	4.1	0.6
Total current assets	1,181.0	1,342.4
Total assets	6,544.0	6,677.0
Share capital (V)	107.1	107.1
Ordinary share premiums (V)	91.8	91.8
Participating interests reserve (V)	1,468.9	1,419.5
Revaluation reserve (V)	1,294.1	1,516.0
Other reserves (V)	1,165.0	663.6
Unallocated profit (V)	739.0	724.7
Total equity	4,865.9	4,522.7
Provisions (VII)	61.4	55.8
Subordinated debt (VI)	409.1	408.4
Long-term borrowings	777.4	1,149.0
Total long-term liabilities	1,186.4	1,557.4
Other liabilities (VIII)	430.3	541.1
Total liabilities	1,678.0	2,154.3
Total equity and liabilities	6,544.0	6,677.0

1.2.1 Notes to the company financial statements

1.2.1.1 Accounting policies

The company financial statements of Delta Lloyd NV are prepared in accordance with the legal requirements of Title 9 of Book 2 of the Netherlands Civil Code. As the income statement of Delta Lloyd NV for 2007 is incorporated in the consolidated financial statements, only an abridged company income statement is given here in accordance with article 2:402 of the Netherlands Civil Code.

The option to use the same accounting policies in the company financial statements as in the consolidated financial statements, as described in article 2:362 of the Netherlands Civil Code, is used. As a consequence, the accounting policies in the company financial statements are the same as the consolidated financial statements under note A to AE, except for the following:

Participations in group companies

Participations in group companies in which Delta Lloyd Group 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.

Change in accounting policies

During 2007 a change in accounting policies took place. The change has an impact on the result and the shareholders' equity of Delta Lloyd NV. As a consequence, the equity and investments in subsidiaries in the financial statements of Delta Lloyd NV changed with retroactive force in the 2006 financial year. The impact of the change in accounting policies on the various lines in the financial statements is as follows:

Impact of changes in accounting policies in 2006				
In millions of euros	2006 before changes in accounting policies	Pension obligations	Technical provision for market interest rates	2006 after changes in accounting policies
Balance sheet				
Investment in subsidiaries	5,258.6	-108.1	25.1	5,175.7
Total equity	4,605.7	-108.1	25.1	4,522.7
Income statement				
Result on associates	722.4	-	48.4	770.8
Total result after taxation	676.3	-	48.4	724.7

Impact of changes in accounting policies in 2007				
In millions of euros	2007 before changes in accounting policies	Pension obligations	Technical provision for market interest rates	2007 after changes in accounting policies
Balance sheet				
Investment in subsidiaries	5,043.2	75.0	-31.8	5,086.4
Total equity	4,822.7	75.0	-31.8	4,865.9
Income statement				
Result on associates	710.5	75.0	-31.8	753.7
Total result after taxation	695.7	75.0	-31.8	739.0

The cumulative impact of changes in accounting policies on equity for the years prior to 2006 amounts to minus € 131.4 million.

To better express that the balance sheet is before appropriation of profit, shareholders' equity components have been reclassified.

For a more detailed explanation of the changes in accounting policies, please refer to the accounting policies included in the consolidated financial statements.

1.2.1.2 (I) Goodwill

Goodwill carrying value for the year ended 31 December		
In millions of euros	2007	2006
At 1 January	137.4	132.5
Additions	55.6	-
Other adjustments	-10.1	5.0
At 31 December	182.9	137.4

Goodwill on Delta Lloyd Group investments in associates is included in the carrying amount of the associates.

The addition of goodwill is solely relating to the acquisition of Cyrte Investments BV. On 27 September 2007 Delta Lloyd Group acquired an interest of 85%.

The other movements relate to the outperformance fee of the acquisition of ABN AMRO Insurance division and Cyrte Investments BV.

As explained in accounting policy O, the carrying amount of goodwill is reviewed at least annually or when circumstances or events indicate there may be uncertainty concerning this value. For the purpose of the impairment test, assets are grouped at the lowest level for which there are separately identifiable cash flows. The outcome of the tests led to did not lead to an impairment of goodwill.

1.2.1.3 (II) Participations in group companies

The following adjustments occurred in investments in subsidiaries and associates:

In millions of euros	Participat- ing interests in group companies	Receivables from group companies	Participat- ing interests with significant influence	Receivables from associates	Total
At 1 January 2006	4,320.4	1,168.0	19.6	-	5,507.9
Group companies purchased	-	-	-	-	-
Group companies sold	14.3	-	-0.6	-	13.6
Result for the year	768.3	-	2.6	-	770.8
Withdrawn dividend	-349.8	-	-	-	-349.8
New equity capital	161.5	-	-	-	161.5
Fair value gains and losses through equity	260.3	-	-	-	260.3
Movement in receivables from associates and participations	-	-139.2	-	-	-139.2
Other	0.8	-	-	-	0.8
At 31 December 2006	5,175.7	1,028.8	21.5	-	6,226.0
At 1 January 2007	5,175.7	1,028.8	21.5	-	6,226.0
Group companies purchased	-	-	-	-	-
Group companies sold	-25.5	-	-	-	-25.5
Result for the year	751.7	-	2.0	-	753.7
Withdrawn dividend	-721.2	-	-0.3	-	-721.5
New equity capital	121.9	-	55.6	-	177.5
Fair value gains and losses through equity	-216.1	-	14.8	-	-201.4
Movement in receivables from associates and participations	-	-227.5	-	-	-227.5
At 31 December 2007	5,086.4	801.4	93.7	-	5,981.4

Interests in associates include ArboNed NV, which will be sold in 2008. The carrying value of this interest is € 2.7 million.

Outline of major companies at year end

Aviva plc, London is the ultimate holder of Delta Lloyd NV's entire ordinary share capital. In addition, Fonds NutsOhra holds an interest in preference shares.

The major group companies in which Delta Lloyd NV has an interest are (100% unless otherwise stated):

Holding

Delta Lloyd Verzekeringen NV (Amsterdam)
Delta Lloyd Bankengroep NV (Amsterdam)
Delta Lloyd Deutschland AG (Wiesbaden, Germany)
Delta Lloyd Houdstermaatschappij België BV (Arnhem)
Delta Lloyd Antillen NV (Curacao, Netherlands Antilles)
Delta Lloyd ABN AMRO Verzekeringen Holding BV (51%) (Zwolle)
Delta Lloyd Services BV (Amsterdam)
Amstelhuys NV (Amsterdam)
OHRA NV (Arnhem)
Cyrte Investments BV (85%) (Naarden)

Life

Delta Lloyd Levensverzekering NV (Amsterdam)
OHRA Levensverzekeringen NV (Arnhem)
Delta Lloyd Lebensversicherung AG (99.76%) (Wiesbaden, Germany)
Delta Lloyd Levensherverekeringsmaatschappij BV (Amsterdam)
NV Nationaal Spaarfonds (The Hague)
Delta Lloyd Vastgoed Fonds NV (Amsterdam)
Delta Lloyd Life NV (Elsene-Brussels, Belgium)
ABN AMRO Levensverzekering NV (51%) (Zwolle)
Levensverzekering Maatschappij Erasmus NV (Rotterdam)
Commercial Union International Life SA (Luxemburg, Luxemburg)

Investment funds

Delta Lloyd Rente Fonds NV (76,1%) (Amsterdam)
Delta Lloyd Investment Fund NV (94.2%) (Amsterdam)
OHRA Aandelenfonds NV (80.1%) (Arnhem)
Daedalus plc (93.6%) (Dublin, Ireland)

General

Delta Lloyd Schadeverzekering NV (Amsterdam)
OHRA Schadeverzekeringen NV (Arnhem)
B. Franco Mendes BV (Amsterdam)
Delta Lloyd Schadeverzekering NV Volmachtbedrijf BV (Amsterdam)
O.W.J. Schlencker Assuaradeuren BV (Amsterdam)
'Praevenio' Technische Verzekeringen BV (Amsterdam)
OHRA Belgium NV (Sint-Pieters-Woluwe-Brussels, Belgium)
Schadeverzekering Maatschappij Erasmus NV (Rotterdam)
NOWM Verzekeringen NV (99.58%) (Groningen)
ABN AMRO Schadeverzekering NV (51%) (Zwolle)
ABN AMRO Assuradeuren BV (51%) (Zwolle)

Health

Delta Lloyd Zorgverzekering NV (The Hague)
Ohra Zorgverzekeringen NV (Den Haag)
OHRA Ziektekostenverzekeringen NV (Arnhem)

Bank

Delta Lloyd Bank NV (Amsterdam)

Delta Lloyd Bank NV (Brussels, Belgium)

Gries & Heissel Bankiers AG (Berlin, Germany)

1.2.1.4 (III) Investments

Equity securities		
In millions of euros	2007	2006
At 1 January	284.6	312.4
Additions	75.1	86.0
Disposals	-62.4	-122.0
Fair value gains and losses	-26.0	11.4
Impairment losses	-5.6	-3.3
At 31 December	265.8	284.6

Loans

The fair value of the total loan portfolio with an amortised cost of € 224.4 million (2006: € 106.6 million) amounted to € 238.3 million (2006: € 109.2 million).

1.2.1.5 (IV) Receivables

Receivables as at 31 December		
In millions of euros	2007	2006
Receivables from group companies	640.6	922.3
Receivables and other financial assets	3.2	25.5
Capitalised interest and prepayments	4.8	2.9
Current tax assets	38.0	
Receivables	686.7	950.6

All receivables are short term.

1.2.1.6 (V) Equity

Statement of changes in equity		
In millions of euros	2007	2006
Share capital	107.1	107.1
Ordinary share premiums	91.8	91.8
Participating interests reserve		
At 1 January	1,419.5	1,321.6
Result associates prior year	770.8	447.8
Dividends received from associates	-721.5	-349.8
At 31 December	1,468.9	1,419.5
Revaluation reserves		
At 1 January	1,516.0	1,252.8
Movements in the value of investments	-26.0	11.4
Movements in the value of participating interest	-206.8	260.3
Taxes on the above movements	10.9	-8.5
At 31 December	1,294.1	1,516.0
Other reserves		
At 1 January	663.6	460.4
Result holding excluding result associates prior year	-46.2	-38.8
Dividend paid	-173.9	-107.9
At 31 December	1,165.0	663.6
Unallocated profit		
Result for the year	739.0	724.7
Total equity	4,865.9	4,522.7

The extent to which reserves included in the overview may be distributed is explained below.

Participating interests reserve

This reserve includes profits from participating interests, and may not be freely distributed, partly due to solvency requirements relating to participating interests. In this reserve an amount of € 8.8 million (2006: € 9.8 million) legal reserve is included according to article 2:365 of the Netherlands Civil Code.

Revaluation reserve

The revaluation reserve includes unrealised movements in the value of investments held by the holding company. It also includes direct movements in the equity of associates that cannot be distributed without restrictions.

Other reserves

The item other reserves includes dividends received from subsidiaries and the result of the holding company. The reserves are freely distributable.

1.2.1.7 (VI) Subordinated loans

Carrying value

The following table provides information on the maturity periods and effective interest rates of the company's subordinated loans and preference shares.

Contractual repricing or maturity dates 2007

In millions of euros	More than five years	Total 2007
Subordinated debt	399.8	399.8
Preference shares	9.3	9.3
Total borrowings	409.1	409.1

Contractual repricing or maturity dates 2006

In millions of euros	More than five years	Total 2006
Subordinated debt	399.1	399.1
Preference shares	9.3	9.3
Total borrowings	408.4	408.4

Fonds NutsOhra

The 2.5% perpetual subordinated loan notes were issued to finance the acquisition of NutsOhra Beheer BV in 1999. They are convertible into ordinary shares in Delta Lloyd NV, should there be a public offering of those shares. These loan notes have a face value of € 489.9 million but, because they are considered to be perpetual, their carrying value is € 172.4 million (2006: 172.4 million), calculated in 1999 and based on the future cash flows in perpetuity discounted back at a market rate of interest. The rate of interest paid on the notes is being gradually increased to a maximum of 2.76% in 2009. The fair value of the subordinated loan is € 185.7 million (2006: € 214.9 million).

A 5% 30 year € 21.7 million subordinated loan cum warrant, available for drawing in five tranches of € 4.3 million each, beginning on 1 September 2003 and ending on 7 May 2006. The warrant entitles the holder to 23,553 Delta Lloyd NV ordinary shares with a face value of € 9.08 each. The fair value at the end of 2007 is € 16.7 million (2006: € 21.7 million).

Aviva plc

A 5% 30-year € 250 million subordinated loan cum warrant. The fair value of the subordinated loan is € 196.6 million (2006: € 216.1 million). The carrying value is € 205.6 million (2006: € 204.9 million).

As outlined in note 20, the issued convertible preference shares A 1,024,000 (2006: 1,024,000) with a face value of € 9.08 per share are reported as convertible loan.

1.2.1.8 (VII) Provisions**Movement in provisions**

In millions of euros	Restructuring provisions	Other provisions	Total
At 1 January 2006	35.5	-	35.5
Additional provision made in the year	-	20.3	20.3
At 31 December 2006	35.5	20.3	55.8
At 1 January 2007	35.5	20.3	55.8
Additional provision made in the year	-	19.4	19.4
Unused amounts released	-1.4	-	-1.4
Withdrawal provision during the year	-5.0	-7.5	-12.5
At 31 December 2007	29.2	32.2	61.4

The reorganisation provision of € 29.2 million relates to the discontinuation of the activities of OHRA Belgium NV, a general insurer operating in the Belgian market. The entity will be wound up as soon as the remaining claim files have been closed.

The other provisions mainly relate to employee benefits.

1.2.1.9 (VIII) Other liabilities

Other liabilities as at 31 December		
In millions of euros	2007	2006
Current tax	21.0	368.1
Expenses payable	0.0	34.0
Accrued interest	19.0	18.5
Debts to group companies	176.8	101.4
Credit on demand	187.7	-
Other	25.8	19.1
At 31 December	430.3	541.1

Liabilities with a term to maturity of more than one year amount to € 4.7 million (2006: € 253.6 million).

Current tax assets and liabilities as at 31 December		
In millions of euros	2007	2006
Current tax assets	38.0	-
Total tax assets	38.0	-
Current tax liabilities	2.0	290.5
Deferred tax liabilities	19.0	77.6
Total tax liabilities	21.0	368.1
Net tax asset / liability	-17.0	368.1

Deferred tax assets and liabilities as at 31 December		
In millions of euros	2007	2006
Unrealised gains and losses on investments	24.1	29.7
Other temporary differences	-5.1	47.9
Net deferred tax asset / liability	19.0	77.6

Movement in net deferred tax assets / liabilities		
In millions of euros	2007	2006
At 1 January	77.6	79.7
Amounts charged / credited to result	-47.7	-10.6
Amounts charged / credited to equity	-10.9	8.5
At 31 December	19.0	77.6

The company has no unrecognised tax losses.

In 2007 and 2006, no deferred income tax liabilities were recognised for temporary differences on account of investments in subsidiaries.

1.2.1.10 (IX) Related party transactions

Services provided to related parties				
In millions of euros	Income earned in year 2007	Receivable at year end 2007	Income earned in year 2006	Receivable at year end 2006
Subsidiaries	113.6	801.4	91.1	1,028.8
Total	113.6	801.4	91.1	1,028.8

Services provided by related parties				
In millions of euros	Expenses incurred in year 2007	Payable at year end 2007	Expenses incurred in year 2006	Payable at year end 2006
Subsidiaries	88.7	954.2	100.8	1,250.4
Aviva group companies	12.5	214.9	12.5	204.9
Total	101.2	1,169.1	113.3	1,455.3

Related party transactions comprise intercompany loans between the holding and its subsidiaries, including interest. All related party transactions occur on an arm's-length basis.

Receivables from associates are further explained in note I of the explanatory notes to the company financial statements.

The related parties' payables are not secured and no guarantees were received in respect thereof. The payables will be settled in accordance with normal credit terms.

1.2.1.11 (X) Off-balance sheet commitments

Off-balance sheet commitments		
In millions of euros	2007	2006
Investments	7.5	3.4
Contingent liabilities	41.9	348.3
Total	49.4	351.7

Off-balance sheet commitments consist mainly of a guarantee in an amount of € 36.7 million, issued by Delta Lloyd NV to Delta Lloyd Levensverzekering.

1.2.1.12 (XI) Employee information

Employee information for the year ended 31 December		
Number of FTEs	2007	2006
Permanent staff	578	211
Temporary staff	256	21
Total	833	232

Staff costs for the year ended 31 December		
In millions of euros	2007	2006
Salaries	33.3	23.7
External staff	23.7	4.8
Social security contributions	2.9	1.8
Pension obligations	0.5	4.3
Profit sharing and incentive plans	22.1	24.0
Other	7.9	3.4
Total staff costs	90.4	61.9

Information concerning the emoluments of members of the Executive Board and Supervisory Board are included in note 8 of the consolidated financial statements.

All staff are employed by Delta Lloyd Services BV. The costs included in the table above represent recharges from Delta Lloyd Services to the company. This recharge is based on allocated staff numbers and includes all related expenditure.

Amsterdam, 19 February 2008

Executive Board:

N.W. Hoek, *chairman*

P.J.W.G. Kok

P.K. Medendorp

H.H. Raué

Supervisory board:

R.H.P.W. Kottman, *chairman*

V.A.M. van der Burg

P.G. Boumeester

E.J. Fischer

J.G. Haars

A.J. Moss

M.H.M. Smits

Ph.G. Scott

1.3 Other information

1.3.1 Dividends and appropriation of profits

Profit appropriation provisions in the articles of association

Article 35, relating to the appropriation of result, if appropriate here, specifies that firstly a dividend of 2.5% on the fully paid-up and issued preference shares A should be added to the dividend reserve A (and if applicable, to the dividend reserve A). This percentage is increased annually by one percentage point of the last applicable percentage with effect from the financial year 2000 up to and including 2009.

From the profit, such additions shall be made to reserves as are determined by the Executive Board, subject to the approval of the Supervisory Board.

From the profit remaining after the aforementioned additions to reserves, a dividend shall be paid on the face value of all the preference B shares outstanding, at a percentage that is related to the average redemption yield on Dutch State loans with a weighted average remaining term to maturity of five

years, recalculated after every period of five years of the issue of the preference share. The remaining profit shall be paid to the holders of ordinary shares in proportion to the shares they hold.

Profit appropriation

Upon approval of the financial statements, the profit of € 739.0 million is added to the reserves. It is proposed to pay a dividend of € 226.4 million from these reserves.

Dividends

In accordance with article 35 of the Articles of Association, a dividend of € 226.4 million is proposed for 2007 (2006: € 173.9 million). The distribution amounts to € 67.68 (2006: € 51.77) per ordinary share with a face value of € 9.08, and to € 18.02 (2006: € 18.02) per preference share B with a face value of € 453.78.

Auditor's report PricewaterhouseCoopers dated 19 February 2008

F-259

To the General Meeting of Shareholders of Delta Lloyd NV

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2007 of Delta Lloyd NV, Amsterdam as set out in section 1.1 and 1.2. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2007, the company profit and loss account for the year then ended and the notes.

The directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Delta Lloyd N.V. as at 31 December 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Delta Lloyd N.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 19 February 2008

PricewaterhouseCoopers Accountants N.V.

G.J. Heuvelink RA

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