Interim financial report 2014

7 August 2014

delta lloyd

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1. Report of the Executive Board

1.1. Highlights

IFRS result	Operational expenses	Operational result	NAPI
280m	369m	191m	229m
n.m. ▲	-3% ▼	-7% ▼	+20% ▲

IGD solvency	COR	Employees (FTE)	Shareholders' funds
207%	97.2%	5,609	2.8bn
+23pp ▲	+1.1pp ▲	-179 ▼	+8% ▲

1.2. Developments during the first half

Economic growth has been moderate this year, with European markets rebounding overall and the euro zone becoming more stable, increasing consumer and investor confidence. Delta Lloyd felt the effects of this improvement, reporting a solid commercial performance for its businesses at the half-year mark.

While the unemployment rate is slowly declining, it remains very high in areas of southern Europe. The situation per country differs significantly, with many southern countries facing a long road to recovery.

There are signs that the Dutch residential mortgage market is recovering. Residential property prices are stabilising or even slightly increasing, supported by declining mortgage lending rates. This recovery had a positive impact on our mortgage business in the Netherlands, where new mortgages nearly doubled in the first half of 2014. In Belgium, the mortgage market is more competitive, making it harder to attract new customers.

At half-year 2014, Delta Lloyd's capital position is robust and our commercial performance solid, particularly in our Life Insurance segment, which saw good margins and a substantial increase in profitable new life annual premiums. The market situation for general insurance remains difficult, as we had lower gross written premiums in our General Insurance segment mainly due to strict underwriting and our gradual exit from the WGA ER market (commercial own risk partial disability insurance). Our Asset Management segment saw lower fee income and an outflow in retail funds and institutional mandates during the first half of 2014, although total assets under management slightly increased.

Our regulatory solvency (IGD) rose and our shareholders' funds grew in the first half of 2014. In March, Delta Lloyd shares were admitted to the AEX, Amsterdam's premium index of the most traded shares. This listing underlines our commitment to our shareholders and our ambition to be a reliable listed company with a stable dividend policy. Our interim dividend of € 0.42 per ordinary share remains unchanged.

Despite the decrease of interest rates — to historically low levels — we performed well. Delta Lloyd is protected against interest rate risk changes, but if interest rates continue to remain low for a prolonged time this will present additional challenges.

In Belgium, a new insurance law will be effective as of 1 November 2014. The new legislation incorporates the changes resulting from the implementation of the "twin peak" model in Belgium and existing insurance legislation into one new law. The objective is to simplify and clarify the legislation framework and improve consumer protection through transparency, information and compliance on regulation.

The pension agreement proposed in the Netherlands in December 2013, maximising the yearly accrual rate for career-average pensions at 1.875% per annum, has been approved and will become effective as of 1 January 2015. This has required Delta Lloyd to adjust nearly all its pension contracts to comply with the act. We responded by drafting and introducing several new pension products and informed our (external) pension advisors about the changes in legislation and the consequences for pension contracts. Delta Lloyd also now fully owns BeFrank, our PPI (premium pension institution), which continued to grow in the developing market for defined contribution products.

We have strong brands and our multi-channel distribution approach allows us to sell directly to consumers, via intermediaries and through all other available and upcoming channels. In the first half of 2014 we made progress in our online offering for OHRA and our pension services, which allows people to digitally manage their insurance. OHRA introduced a digital policy, which will eventually replace all of its paper policies. The introduction of the online pension services portal has begun, and access will be expanded to all employees in our defined benefit pension schemes this year.

Ongoing focus on cost savings and efficiency led to reduced operational expenses in the first half of the year. Delta Lloyd also showed its commitment to enhancing customer confidence, ranking above average in the Dutch Financial Markets Authority's (AFM) Customer Centric Dashboard and surpassing our 2013 score.
The consistent pursuit of our strategy, and a customer-centered approach reinforced our market position and ensured a sound financial footing in the first half of 2014.

Financial performance

Delta Lloyd delivered a solid performance during the first half of 2014. Our operational results slightly declined, due to lower interest rates. The application of the new IFRS10 standard affected the financial figures of Delta Lloyd (for details see section 2.6.2 of this report).

Our operational result after tax and non-controlling interests was € 191 million, 7% lower than the € 206 million posted in the first half of 2013, with positive underlying technical results and lower operational expenses. The lower long-term investment return (LTIR) had a negative impact on the operational result. LTIR was down € 15 million before tax, due to the sharp decline (-79 bps) in the Collateralised AAA curve in the first six months of 2014. Running yield decreased to 3.14%, due to a decrease in interest rates, but is still comfortably above the yield curve (1.65% at the ten year point) used to calculate the liabilities.

Delta Lloyd's business segments performed well in the first half of the year, despite market challenges. The operational result after tax and non-controlling interests in the Life segment remained strong, decreasing slightly to € 137 million (half-year 2013: € 153 million). The operational result for Life was affected by a lower LTIR due to the decrease in interest rates and the half-year 2013 result had higher technical profit sharing results. The General Insurance segment operational result after tax and non-controlling interests decreased to € 34 million (half-year 2013: € 41 million), due to difficult market circumstances and strict underwriting. The Bank operational result after tax and non-controlling interests increased to € 12 million (half-year 2013: € 10 million), mainly due to improved net interest income and lower operational expenses. The Asset Management operational result after tax and non-controlling interests decreased by € 3 million to € 18 million (half-year 2013: € 21 million), mainly due to lower treasury results. The Other operational result after tax and non-controlling interests improved to € -10 million (half-year 2013: €-19 million), mainly due to lower operational expenses.

The IFRS result after tax and non-controlling interests was € 280 million (half-year 2013: € -92 million).

Equity and solvency

Delta Lloyd uses the Collateralised AAA curve to measure the value of the majority of its insurance provisions under IFRS (International Financial Reporting Standards). This curve is constructed using an Ultimate Forward Rate (UFR), with the one-year forward rates for durations upwards from 20 years converging to a UFR of 4.2% over a period of 40 years. This is in accordance with the adjustments to the ECB AAA curve for defining the regulatory (IGD) solvency.

The 10-year point of the Collateralised AAA curve at half-year 2014 is 1.65%, a sharp decline of 79 basis points compared to year-end 2013, mainly due to a general decrease in interest rates. All yield curves decreased significantly during the first half of this year. The ECB AAA curve showed the main decrease: 82 basis points at the 10-year point (at 1.45%).

On 30 June 2014, Delta Lloyd's equity portfolio, which is held at own risk, was € 3.4 billion (year-end 2013: € 3.3 billion). Excluding private equity, preference shares and bond funds, and including equity derivatives, the equity portfolio is € 2.2 billion (year-end 2013: € 2.3 billion). A considerable part of the equity portfolio is invested in mid-sized Dutch companies. Delta Lloyd sold € 0.3 billion of equity securities in the first half of the year.

Shareholders' funds on a marked-to-market basis were up 8% to € 2.8 billion (year-end 2013: € 2.6 billion), due to the positive net IFRS result of € 280 million and the positive revaluation of the fixed income and equity portfolio, offset by actuarial losses on own pension fund and final cash dividend over 2013 (€ 41 million). Delta Lloyd's capital position is solid, with a high share of 'tangible' capital (shareholders' funds excluding inter alia, goodwill and acquired value of in-force), at 88%.

In June, Delta Lloyd placed a new € 750 million fixed-to-floating-rate subordinated perpetual note transaction, in line with our ambition to broaden our investor base and boost access to the capital market. The notes were sold to a wide range of international institutional investors and issued under the existing Delta Lloyd EMTN programme, with a coupon of 4.375%.

The issuance strengthened Delta Lloyd's capital base and had a positive impact of 19 percentage points on regulatory group (IGD) solvency, raising it to well above our ambition of at least 200% at year-end 2014. This increase of the IGD group solvency to 207% (year-end 2013: 184%) was also supported by the performance of assets versus liabilities. The positive effects are partly offset by the final cash dividend (-2 percentage points) and the increased required capital, as a result of the decrease in the interest rates which lead to higher insurance liabilities. The regulatory (IGD) solvency for the insurance activities rose to 240% (year-end 2013: 213%).

On 21 May 2014, Standard & Poor's reaffirmed all existing ratings of Delta Lloyd, with a 'stable' outlook.

Delta Lloyd Bank Netherlands and Delta Lloyd Bank Belgium both have solid capital positions. At end-June 2014, the Total Capital Ratio of Bank Netherlands is 20.6% and the Common Equity Tier 1 ratio is 17.9%. For Bank Belgium the Total Capital Ratio is 13.0% and the Common Equity Tier 1 ratio is 10.8%. The ratios are based on Basel III phase-in including half-year results.

Costs

Delta Lloyd is committed to structurally reducing costs, achieving a 3% cost reduction in the first half of 2014. Total operational expenses in the first six months of 2014 amounted to € 369 million, € 10 million lower than a year ago (half-year 2013: € 379 million). The 2014 figures also include the expenses of the recently acquired ZA Verzekeringen in Belgium (€ 20 million annually).

We continued our operational enhancement in the first half of the year. Since 2008, Delta Lloyd has reduced its costs by more than 30%. Much of these savings are due to our successful cost-cutting programme, increased digitalisation and focus on simplifying our organisation and our processes.

For example, the number of transactions using straight through processing is expected to increase rapidly due to our focus on digitalisation and online services.

Our targets for operational expenses for 2014 (€ 750 million) and 2015 (€ 720 million) both include the ZA acquisition.

Strategic developments

Delta Lloyd initiated a sale process for our Belgium-based banking business, as part of our aim to focus on life insurance and pensions in Belgium. Discussions with various potential buyers commenced in the first half of 2014 and we have now granted exclusivity to one party. A sale will only be concluded on acceptable terms.

On 24 March 2014, Delta Lloyd NV shares were included in the AEX Index of NYSE Euronext, composed of the 25 largest companies listed on NYSE Euronext Amsterdam. Inclusion in the AEX Index supports Delta Lloyd's strategy, strengthening its brand recognition and investment profile. The listing further raised Delta Lloyd's profile in the financial markets in 2014 to date, contributing to an expanded shareholder base.

On 30 June 2014, Delta Lloyd closed a transaction with Catalina under which the portfolio of International Marine Business liabilities that are in run-off will be fully reinsured by Glacier Reinsurance AG as of 1 January 2014. Glacier Reinsurance AG is a fully-owned Swiss subsidiary of Catalina. This supports Delta Lloyd's strategy to focus on its core-business, which does not include marine insurance. The portfolio of the International Marine Business has been in run-off since 2012. The reinsurance agreement will not impact the individual policyholders and the result of the agreement is not material for the net IFRS result of Delta Lloyd.

On 18 July 2014, Delta Lloyd Levensverzekering acquired all BeFrank shares (50%) held by BinckBank, thereby raising our interest to 100%. BeFrank will continue to use BinckBank's platform for its services. The acquisition will enhance Delta Lloyd's recognition in the market for group defined-contribution pension schemes. In 2011, BeFrank became the first premium pension institution (PPI) in the Netherlands to obtain authorisation from the Dutch central bank (DNB) and is now market leader in the PPI market, due to its innovative defined-contribution pension products.

In April, Delta Lloyd announced that Niek Hoek will step down as Chairman of the Executive Board, once a new chairman has been appointed. Mr. Hoek has been Delta Lloyd's Executive Board Chairman since 2001 and under his leadership it has grown from a local subsidiary of a British insurer to a leading independent insurance company listed on the AEX and the BEL20. This is a huge accomplishment and provides a strong foundation for Delta Lloyd's future. Mr. Hoek's contract will terminate on 30 June 2015, at which point he will take early retirement and will consequently be offered an amount of up to one year's base salary (€ 800,000) to partially compensate for a shortfall in his pension and the loss of an agreed transitional pension.

In 2013, we updated the scenarios we use to guide our strategy, using input from our own senior executives and key personnel, external experts, international opinion leaders and in-depth research into past trends and future forecasts. We published the scenarios online and conducted workshops (with 250 employees) to examine how each scenario could affect various aspects of Delta Lloyd's business in the future. The scenarios are also used to address specific themes such as IT, big data and culture and leadership. In the second half of 2014, we will match the outcomes of the workshops with an assessment of our core organisational competences.

Commercial developments

Our business is performing well given the market circumstances, with Delta Lloyd showing a solid commercial performance in the first half of 2014, with a focus on sustainably profitable new business. Total gross written premiums were 8% lower at € 2.2 billion (half-year 2013 € 2.4 billion). We performed especially well in group life insurance, increasing our market share in the profitable new annual premium business. We also saw an excellent inflow of new mortgages in the Netherlands and performed well in General Insurance considering the market challenges.

Life Insurance

Life Insurance is our largest division and the engine of the company. Delta Lloyd extended its market leadership in group life new business in the Netherlands in the first half of 2014. New annualised premium income (NAPI) was € 229 million (half-year 2013: € 191 million), 20% higher than last year. Several new group contracts resulted in substantially higher annual premiums – up 46% to € 183 million (half-year 2013: € 126 million).

Single premiums were 29% lower, due to lower annuities and our focus on improved margins. New business was profitable, with our new business margin improving to 2.3% (half-year 2013: 1.5%) and the internal rate of return amounting to 10% over the first six months (half-year 2013: 8%).

Life gross written premiums (GWP) decreased by 9% to € 1,432 million (half-year 2013: € 1,576 million), due to the prolonged market pressure in individual life products. In the Netherlands, we introduced a hybrid pension product (a combination of a defined benefit and a defined contribution scheme) in June, which has already attracted several large annual premium contracts. Plans are underway to develop additional new pension products. Delta Lloyd's staff responded quickly in the first half of 2014 to changing regulation in the pension market, which proved a challenging task operationally.

GWP in Belgium decreased to € 398 million compared to € 414 million at half-year 2013 due to fewer single premium group pension contracts. The Crelan distribution agreement in Belgium contributed significantly to the annual premium income volume. The integration of the recently acquired ZA Verzekeringen is progressing. In the first half of 2014 the legal entities of Delta Lloyd Life and ZA merged and we reached an agreement with the unions on the transition of ZA employees from Antwerp to Brussels.

Delta Lloyd now fully owns BeFrank, our PPI (premium pension institution), which is market leader in the developing market for defined contribution products.

General Insurance

Delta Lloyd continues to deliver top-notch service and easy-to-understand products in a market where pricing is increasingly standardised. Challenging market circumstances for general insurance led to lower gross written premiums (GWP). Delta Lloyd continued our programme to improve long-term profitability by intensifying claims management and strict underwriting, prioritising cost savings and margin over volume.

GWP decreased 6% to € 764 million (half-year 2013: € 812 million), due to our gradual exit from the WGA ER market and strict underwriting. At end-June, the combined ratio (COR) was better than target at 97.2% (half-year 2013: 96.1%) and developed satisfactorily in the first half of 2014, despite the difficult market situation.

Delta Lloyd's General Insurance arm focuses on commercial clients and has been particularly successful in attracting SME clients. New business improved to € 93 million versus € 85 million in the first half of 2013.

In the first half of 2014, we developed the innovative 'Elektra Garant', an electrical safety certification, which should help contribute to a reduction in claims. In the second half of the year, we will introduce a new WIA (disability) proposition in the Dutch market. In May, OHRA introduced a new car insurance offering, the first product in a new range of online insurance with a digital-only policy.

Delta Lloyd is one of the insurers for the Dutch Gemini wind farm project. Once completed, Gemini will be one of the largest wind farms in the world in terms of size and production. We now insure 26 offshore wind projects, which ranks us among the top three insurers to the offshore European wind power industry.

Bank

The Bank operational result after tax and non-controlling interests increased 30% to € 12 million (half-year 2013: € 10 million), mainly due to improved net interest income and lower operational expenses.

The recovery of the housing market and our attractive proposition had a positive impact on our mortgage business in the Netherlands, where new mortgage volumes nearly doubled in the first half of 2014 (€ 426 million, half-year 2013: € 222 million), and our market share continued to increase (3.1% in the Netherlands). In the first half of 2014, new mortgages for Belgium and the Netherlands combined were up 53%, to € 564 million (half-year 2013: € 370 million).

In Belgium, the mortgage market is fiercely competitive, making it harder to attract new customers and putting pressure on margins. This competition has resulted in a lower inflow of new mortgages to our Belgium Bank segment, down 6% (half-year 2014: € 139 million, half-year 2013: € 147 million.)

Bank savings, or “banksparen”, increased 2% to € 2,017 million (year-end 2013: € 1,978 million), stabilising after a long period of double-digit growth. Savings balances (excluding banksparen) on 30 June 2014 were € 5,357 million, 4% higher than at year-end 2013 (€ 5,157 million). In Belgium, savings balances increased 5% to € 4,031 million as a result of a successful marketing campaign.

A new Belgian banking act introducing new rules on the supervision, resolution and structure of banking activities was unveiled in the first half of 2014. It aims to reinforce the financial solidity of Belgian credit institutions by strengthening their own funds, imposing stricter liquidity and limits on distributions. The new legislation also imposes improved risk management and emphasises the solid and efficient organisation of credit institutions, strict remuneration policies and introduces a prohibition in principle of proprietary trading.

In Belgium, Delta Lloyd also introduced a mobile app for its banking services and a tool supporting personal financial planning. Client satisfaction at the bank and our local branches improved, although customers suggested some improvements to the product range.

Asset Management

The Asset Management operational result after tax and non-controlling interests decreased to € 18 million (half-year 2013: € 21 million), mainly due to the lower treasury result. In the first half of 2014, the IFRS result after tax and non-controlling interests was down 13%, to € 17 million (half-year 2013: € 19 million).

The yield on our own-risk asset portfolio was 8.4% and outperformed the benchmark by 3pp. Net outflow in funds and institutional mandates was € 350 million, due to the loss of a large mandate and two retail banks who advised their clients to switch from our fixed income fund to equity products.

Delta Lloyd’s total assets under management increased by 3% at the half-year point, to € 80,164 million (year-end 2013: € 77,727 million) and we won a € 75 million mandate for a large insurer in Germany.

Several of our funds received high ratings in the first half of the year from investment research firm and ratings agency Morningstar. The Delta Lloyd Asia Investment Fund marked its third anniversary in 2014 and received a four star overall rating. The Asia Investment Fund’s Asian Participation IC-class and Delta Lloyd’s Corporate Bond Fund received the highest possible rating– five stars. In Belgium, the Delta Lloyd Premium Funds Piano, Moderato and Crescendo each received a four-star rating.

Investing in small businesses is vital to economic progress. In the first half of the year, Delta Lloyd joined forces with eight other Dutch insurers and ABN AMRO bank to invest some € 280 million in small and medium-sized enterprises. The initiative follows the 2013 report by the Hoek Commission, led by Delta Lloyd Chairman of the Executive Board Niek Hoek, into the availability of financing for SMEs.

Demand for commercial property (mainly offices and shops) in the Netherlands has been under pressure for some time, due to the state of the Dutch economy. This has resulted in higher vacancy rates, a trend reflected in Delta Lloyd's Dutch commercial property portfolio. Our property portfolio for own risk was valued at € 2.3 billion at 30 June 2014 (year-end 2013: € 2.3 billion) after a downward revaluation of € 51 million in the first half of 2014 (first half-year 2013: € 40 million). The German property market is in better shape than the Dutch market, as reflected in the low vacancy rates.

Other

The 'Other' segment consists mainly of holding company overheads, interest expenses, the results of Amstelhuys and the commercial result of the healthcare label activities. The operational result of 'Other' improved to €-10 million (half-year 2013: € -19 million), mainly due to lower operational expenses.

Sustainability

Delta Lloyd's approach to sustainability reporting was endorsed by the Global Reporting Initiative, which gave our 2013 Annual Report its highest A+ rating. Delta Lloyd Life also published a sustainability report conforming to GRI standards.

Delta Lloyd started a group-wide Sustainable Impact programme in 2014, with the objective to engage all businesses in helping us become a fully sustainable insurer. The programme will result in a more coherent and structural approach to sustainability, covering our investment policy, products, services, social responsibility and branding. The programme's first goal is to define relevant themes and set an agenda with smart goals and timelines. This agenda will be presented at the end of 2014.

During the first half of the year, electronic signs on three Delta Lloyd buildings were upgraded and replaced with more energy-efficient installations powered by solar panels. The neon lighting in one of the new billboards uses 70% less energy while the other two use LED lighting. Delta Lloyd's main building on the Spaklerweg in Amsterdam also underwent a sustainable redesign. The building facilitates the 'new way of working', which promotes efficiency, flexibility and work-life balance. Delta Lloyd also participates in the 'Fornature' programme, which ensures all furniture and floor covering in the building will be returned for recycling when no longer usable.

Staff volunteer figures for 2014 have already surpassed last year, with, 524 Delta Lloyd employees volunteering for Delta Lloyd Foundation, our charitable arm, so far this year (463 volunteers for the full-year 2013). In the first half of the year, Delta Lloyd Foundation co-founded two studies on debt relief in Amsterdam.

As a pension expert, Delta Lloyd Life continues to search for innovative solutions for population aging. For example, we support the Belgian 'Neighbourhood Pension' initiative, which connects participants with their elderly neighbours. Volunteers perform simple tasks and in turn build up 'credits' for their good deeds, which can be redeemed later on via the programme when they too need a helping hand. In the Netherlands, Delta Lloyd published a study on 'How the Dutch retire', with the aim to increase 'pension-awareness' among the general public.

Customer Centricity

Our number one priority is to put our customers first. We are committed to building lasting customer relations and ensuring our products and services meet our customers' immediate and long-term needs. Delta Lloyd's Customer Centric programme embeds customer centricity in our processes, products and corporate culture. The programme promotes transparency, accessibility and clear information and communication. It also prioritises listening to customers and making continuous improvements using insights from surveys and complaints.

Our Product Approval and Review Process, launched in 2010, helps us systematically ensure that all Delta Lloyd products are cost-efficient, safe, understandable and meet our customers' needs. By the end of 2014, this process will also be established for our investment products.

Our deep commitment to customers was reaffirmed in the first half of 2014. Delta Lloyd received a high rating in the Customer Centric Dashboard for 2013, awarded by the Dutch Financial Markets Authority (Autoriteit Financiële Markten/ AFM). The AFM Dashboard ranks the 10 leading banks and insurers in the Netherlands, assessing their client centricity on a scale of 1-5 and against the industry average.

Since the Dashboard's launch in 2010, Delta Lloyd has continuously improved its annual ranking and has outperformed the benchmark since 2011. Our latest 2013 ranking (3.6) once again surpassed our 2012 score (3.4), with Delta Lloyd excelling in a number of fields such as 'Customer contact' and 'Complaints management', but lagging slightly behind the market in the new 'Pensions' category. Delta Lloyd received a maximum score of 'satisfied' in the 'Integral change' category for 2013. In this category, the AFM reviews the way in which banks and insurers initiate change to embed customer centricity in their organisations.

We retained the KKV (Keurmerk Klantgericht Verzekeren - Quality Hallmark for Customer-Focused Insurance) hallmark, issued by Stichting Toetsing Verzekeraars, for all of our Dutch labels – Delta Lloyd, OHRA, ABN AMRO Verzekeringen and Erasmus Leven. This independent foundation promotes consumer trust in the insurance sector and sets industry standards for service and performance.

Delta Lloyd continues to focus on improving customer satisfaction even further, for example by expanding our definition of 'complaints' to ensure that all types of customer feedback are registered and addressed.

Supervisory Board

Jean Frijns became Chairman of the Supervisory Board at the start of the year, succeeding René Kottman from 1 January 2014.

On 22 May 2014, at the Annual General Meeting, André Bergen and Rob Ruijter were appointed as new members to the Supervisory Board. Fieke van der Lecq, Eric Fischer and Jan Haars were reappointed as members, all for four-year terms. There is still one vacancy on the Supervisory Board, as Pat Regan did not seek reappointment. Mr. Regan has accepted a position as CFO at QBE in Sydney, Australia.

Executive Board

With effect from 22 May 2014, Ingrid de Graaf was appointed to the Executive Board and Emiel Roozen was reappointed as CFO and member of the Executive Board, both for four-year terms. In April, Chairman of the Executive Board Niek Hoek announced his early retirement with effect from May 2015 at the latest. The process of nominating a new Executive Board Chairman is progressing well.

Ingrid de Graaf will succeed Paul Medendorp, who is due to retire at the end of 2014 upon reaching the retirement age for Delta Lloyd Executive Board members. Mr. Medendorp joined Delta Lloyd in 1994 and has been a member of the Executive Board since 2003, making a huge contribution to Delta Lloyd's growth and stability during his 12 years of service.

Employees

Delta Lloyd employs 5,609 staff (FTEs), down from 5,788 at year-end 2013. This includes 523 temporary employees to help absorb the peak workload. Of the total permanent staff (5,086 FTEs), 3,801 are employed in the Netherlands, 1,098 in Belgium and 187 in Germany.

Delta Lloyd is currently negotiating a new central labour agreement (CAO) for all Dutch staff, with the aim to focus on sustainable employability and bring remuneration in line with the general market.

Delta Lloyd's employee pension fund has been named the best defined benefit plan by pensions trade magazine *IPN* and financial newspaper *Het Financieele Dagblad* in their annual awards, based on its excellence and thought leadership. In addition, with its coverage ratio of 130%, the pension fund is one of the top five performers in the Netherlands, according to a 2013 survey by daily newspaper *De Volkskrant*.

1.3. Dividend

Dividend policy

Delta Lloyd aims to pay a dividend ratio on ordinary shares of 40-45% of the net annual operational result (operational result after tax and non-controlling interests). In setting the target pay-out ratio, we consider anticipated profitability during our three-year management planning period. To maintain our dividend policy, we aim for a regulatory solvency ratio in the range of at least 160% to 175% of the minimum regulatory requirement.

Delta Lloyd intends to pay an interim and final dividend on the ordinary shares over 2014.

Dividend payment

The 2013 final dividend of € 0.61 per ordinary share was paid in cash and ordinary shares on 19 June 2014, with 64.5% of shareholders electing to receive the dividend in ordinary shares and 35.5% in cash. In this respect, we issued 4,246,430 new ordinary shares as stock dividend.

Delta Lloyd is committed to our dividend objectives. As such, and on the basis of the operational result after tax and non-controlling interests, we have decided to pay an interim dividend of € 0.42 per ordinary share, which is unchanged from 2011- 2013. The dividend may be paid entirely in cash or entirely in shares, at the shareholder's option. Shareholders who do not state a preference will be paid the dividend in shares.

The value of the stock dividend will be approximately 4% higher than the cash dividend and will be charged to the share premium. The cash dividend will be charged to retained earnings. When setting the exchange ratio for the stock dividend, Delta Lloyd uses a fraction of a share based on the weighted average closing share price over a period of five consecutive trading days (to take account of the current market price). Shareholders have until 27 August 2014 to opt to receive the dividend in cash or shares.

The number of shares giving entitlement to one new ordinary share (with a nominal value of € 0.20) will be set after 5.30 p.m. CET on 27 August 2014, based on the weighted average closing price on NYSE Euronext Amsterdam in the five trading days from 21 August 2014 to 27 August 2014. The dividend will become payable on 4 September 2014.

1.4. Outlook

For full-year 2014, we expect operational technical results to be in line with 2013, while the Long Term Investment Result (LTIR) will depend on where the Collateralised AAA 10-year-point ends the year. Delta Lloyd remains committed to a stable dividend.

1.5. Statement by the Executive Board

The Executive Board is responsible for preparing the interim financial report 2014 in accordance with International Financial Reporting Standards as adopted by the European Union and the European Transparency Directive (2004/109/EC) (IFRS).

The Members of the Executive Board hereby declare that, to the best of their knowledge, the interim financial report 2014, prepared in accordance with IAS 34 Interim Financial Reporting, gives a true and fair view of the assets, liabilities, financial position and income statement of Delta Lloyd N.V. and the undertakings included in the consolidation as a whole (collectively Delta Lloyd), and includes a fair review of the information required by Section 5:25(d)(8 and 9) of the Financial Supervision Act (Wet op het financieel toezicht).

On 6 August 2014, the Executive Board reviewed and approved the interim financial report 2014 for publication.

Amsterdam, 6 August 2014

Niek Hoek, Chairman
Ingrid de Graaf
Paul Medendorp
Emiel Roozen
Onno Verstegen

2. Condensed consolidated interim financial report for the period ended 30 June 2014

2.1. Consolidated statement of financial position

Consolidated statement of financial position				
In millions of euros		**30 June 2014**	**31 December 2013 ***	**1 January 2013 ***
Assets				
Goodwill		283.5	283.5	304.4
AVIF and other intangible assets		95.5	99.8	113.9
Deferred acquisition costs		151.4	137.8	180.7
Property and equipment		104.2	105.8	140.8
Investment property		2,133.4	2,181.2	2,197.7
Associates and joint ventures		175.2	296.9	193.6
Deferred tax assets		1,676.3	1,080.1	1,533.3
Debt securities	2.9.1.	27,225.2	25,060.1	25,321.2
Equity securities	2.9.1.	3,424.7	3,299.8	4,198.6
Derivatives	2.9.1.	1,552.7	1,173.0	2,551.1
Loans at fair value through profit or loss	2.9.1.	5,816.2	5,784.0	6,249.1
Loans and receivables at amortised cost	2.9.1.	12,009.7	12,194.4	17,106.7
Investments at policyholders' risk	2.9.2.	13,326.9	12,846.0	12,897.4
Third party interests in consolidated investment funds	2.9.3.	4,344.5	4,649.7	3,976.0
Reinsurance assets	2.9.5.	708.7	554.0	535.2
Plan assets	2.9.6.	20.2	20.2	18.8
Receivables and other financial assets		1,609.2	1,955.8	2,209.9
Current tax assets		88.3	71.2	80.7
Capitalised interest and prepayments		501.3	639.4	640.3
Cash and cash equivalents		2,370.0	1,146.6	2,603.4
Assets held for sale		6,876.6	6,725.1	283.4
Total assets		**84,493.6**	**80,304.5**	**83,336.0**
Total capital and reserves		2,826.1	2,620.6	2,306.1
Non-controlling interests		319.3	309.4	306.7
Shareholders' funds		**3,145.4**	**2,930.0**	**2,612.8**
Liabilities				
Insurance liabilities	2.9.4.	47,184.8	44,340.7	44,722.7
Liabilities for investment contracts		5,197.4	4,817.0	4,736.8
Pension obligations	2.9.6.	2,314.2	2,030.4	2,370.7
Provisions for other liabilities		65.0	79.2	87.0
Deferred tax liabilities		1,324.9	704.7	1,220.2
Current tax liabilities		180.2	161.0	44.8
Subordinated debt	2.9.7.	1,329.8	682.3	716.8
Securitised mortgages loan notes	2.9.7.	3,356.5	3,914.2	4,897.2
Other borrowings	2.9.7.	810.1	731.9	1,078.3
Derivatives	2.9.2.	1,088.5	1,357.2	2,078.1
Investments at policyholders' risk	2.9.2.	3.2	11.4	22.8
Third party interests in consolidated investment funds	2.9.3.	4,344.5	4,649.7	3,976.0
Customer savings and deposits		4,928.7	4,730.4	10,532.7
Other financial liabilities		487.4	633.6	1,819.1
Other liabilities		2,180.2	2,094.8	2,285.1
Liabilities relating to assets held for sale		6,552.6	6,435.9	135.2
Total liabilities		**81,348.2**	**77,374.5**	**80,723.2**
Total shareholders' funds and liabilities		**84,493.6**	**80,304.5**	**83,336.0**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'.

2.2. Consolidated income statement

Consolidated income statement first half year			
In millions of euros		**2014**	**2013***
Income			
Gross written premiums		2,316.7	2,550.1
Outward reinsurance premiums		-274.2	-107.3
Net written premiums		**2,042.4**	**2,442.8**
Change in unearned premiums provision		-66.2	-20.1
Net premiums earned		**1,976.3**	**2,422.7**
Investment income		4,671.1	136.7
Share of profit or loss after tax of associates		-5.1	0.3
Net investment income		**4,666.0**	**137.0**
Fee and commission income		140.2	120.8
Other income		2.3	-11.1
Total investment and other income		**4,808.6**	**246.7**
Total income		**6,784.9**	**2,669.4**
Expenses			
Net claims and benefits paid		2,261.1	2,201.8
Change in insurance liabilities		2,948.9	-608.0
Change in financial liability on behalf of third party in consolidated investment funds		312.4	186.4
Expenses relating to the acquisition of insurance, investment and other contracts		297.8	365.2
Finance costs		264.2	294.1
Other operating expenses		317.1	326.3
Total expenses		**6,401.5**	**2,765.7**
Result before tax from continuing operations		**383.4**	**-96.3**
Income tax		-83.1	20.6
Result after tax from discontinued operations		-	1.0
Net result		**300.4**	**-74.6**
Attributable to:			
Delta Lloyd NV shareholders		279.6	-91.6
Non-controlling interests		20.7	17.0
Net result		**300.4**	**-74.6**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'.

Earnings per share first half year		
In euros	**2014**	**2013***
Basic earnings per share from continuing operations	1.46	-0.48
Basic earnings per share from discontinued operations	-	0.01
Basic earnings per share including discontinued operations	**1.46**	**-0.47**
Diluted earnings per ordinary share from continuing operations	1.35	-0.48
Diluted earnings per ordinary share including discontinued operations	**1.35**	**-0.48**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'.

2.3. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income for the first half year		
In millions of euros	**2014**	**2013****
Net result	**300.4**	**-74.6**
Actuarial gains and losses (pension obligations)	-221.0	102.6
Transfer of actuarial gains and losses relating to DPF contracts to provisions	3.8	-2.9
Income tax relating to items that will not be reclassified	54.5	-25.5
Total items that will not be reclassified to income statement	**-162.8**	**74.3**
Changes in value of financial instruments available for sale*	253.1	-181.7
Transfer of available for sale relating to DPF contracts to provisions	-70.3	12.3
Fair value adjustments associates	18.6	13.3
Fair value adjustments due to micro hedge debt securities available for sale	-17.5	11.1
Income tax relating to items that may be reclassified	-46.6	31.7
Total items that may be reclassified subsequently to income statement	**137.4**	**-113.2**
Total amount recognised directly in equity	**-25.4**	**-38.9**
Total comprehensive income	**275.0**	**-113.5**
Attributable to:		
Delta Lloyd NV shareholders	246.9	-125.3
Non-controlling interests	28.0	11.8
Total comprehensive income	**275.0**	**-113.5**

*Realised gains/losses on revaluations of financial instruments available for sale, impairment losses and reversal of impairment losses transferred to income statement are part of changes in value of financial instruments available for sale.

** Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'.

2.4. Consolidated statement of changes in shareholders' funds

Consolidated statement of changes in equity for the first half year

In millions of euros	Ordinary share capital	Share premium	Revaluation reserves	Other reserves	Equity compensation plan	Treasury shares	Retained earnings	Total capital and reserves attributable to parent*	Non-controlling interests	Shareholders' funds
At 1 January 2013	35.4	355.2	637.7	-277.5	5.8	-36.8	1,586.4	2,306.1	306.7	2,612.8
Change in accounting policy IFRS 10	-	-	-70.2	-	-	-	70.2	-	-	-
At 1 January 2013 restated**	**35.4**	**355.2**	**567.6**	**-277.5**	**5.8**	**-36.8**	**1,656.6**	**2,306.1**	**306.7**	**2,612.8**
Total other comprehensive income**	-	-	-108.0	74.3	-	-	-	-33.7	-5.2	-38.9
Result for the period	-	-	-	-	-	-	-91.6	-91.6	17.0	-74.6
Final dividend payment 2012	0.9	-0.9	-	-	-	-	-38.4	-38.4	-	-38.4
Non-controlling interests in dividend payment 2013	-	-	-	-	-	-	-	-	-13.1	-13.1
Conversion preference shares A	0.6	92.2	-	-	-	-	-51.5	41.3	-	41.3
Change treasury shares	-	-	-	-	-	2.4	-	2.4	-	2.4
Change indirectly held shares in investment funds for own risk	-	-	-	-	-	1.2	-	1.2	-	1.2
Change indirectly held shares in investment funds at policyholders' risk	-	-	-	-	-	12.2	-	12.2	-	12.2
Conditional shares granted	-	-	-	-	-2.1	-	-0.1	-2.2	-	-2.2
At 30 June 2013**	**36.9**	**446.4**	**459.6**	**-203.2**	**3.7**	**-21.1**	**1,474.9**	**2,197.2**	**305.4**	**2,502.6**
At 1 January 2014**	38.4	507.4	556.2	-191.9	5.3	-19.4	1,724.6	2,620.6	309.4	2,930.0
Total other comprehensive income	-	-	130.1	-162.8	-	-	-	-32.7	7.3	-25.4
Result for the period	-	-	-	-	-	-	279.6	279.6	20.7	300.4
Final dividend payment 2013	0.8	-0.8	-	-	-	-	-41.3	-41.3	-	-41.3
Non-controlling interests in dividend payment 2014	-	-	-	-	-	-	-	-	-18.1	-18.1
Change treasury shares	-	-	-	-	-	2.1	-	2.1	-	2.1
Conditional shares granted	-	-	-	-	-1.0	-	-1.3	-2.3	-	-2.3
At 30 June 2014	**39.2**	**506.5**	**686.3**	**-354.7**	**4.3**	**-17.3**	**1,961.6**	**2,826.1**	**319.3**	**3,145.4**

*Attributable to Delta Lloyd NV shareholders.

** Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'.

Total other comprehensive income relates to the equity allocation of the items specified in section 2.3.

Payment in cash and delivery of ordinary shares in respect of the 2014 final dividend of € 0.61 per ordinary share took place on 19 June 2014. Around 64.5% of the shareholders elected to receive the dividend in ordinary shares. Consequently, 4,246,430 new ordinary shares were issued as stock dividend and charged to the share premium (€ 0.8 million). The remaining 35.5% of the shareholders received the dividend in cash (€ 41.3 million).

Treasury shares relate to shares held both directly and indirectly through investment funds (for own risk or at policyholders' risk). Directly-held shares were acquired as part of a share repurchase programme which has the sole purpose of meeting obligations under both existing and new equity compensation plans for management. In this context 1,650,000 shares were purchased in 2010 at an average purchase price of € 14.12. A total of 148,278 shares (€ 2.1 million) were delivered under the equity compensation plan (year end 2013: 167,555).

The equity compensation plan refers to the Variable Incentive Plan for the Executive Board, directors and managers in control functions and functions impacting Delta Lloyd's risk profile. The € 1.0 million movement in options granted under the equity compensation plan consists of a settlement of € 2.7 million, grants of new options of € 1.6 million and a movement in existing plans of € 0.1 million. Shares settled at a different rate than initially granted resulted in a movement of € 1.3 million in retained earnings.

2.5. Consolidated cash flow statement

Consolidated cash flow statement for the first half year			
In millions of euros		**2014**	**2013**
Net result		300.4	-74.6
Net result from discontinued operations		-	1.0
Net result from continuing operations		**300.4**	**-73.6**
Adjustments for:			
Tax		83.1	-23.3
Depreciation		4.9	6.8
Amortisation		83.7	182.4
Impairments of:			
- Intangible assets		1.5	9.1
- Property and equipment		3.0	1.4
- Inventory of real estate projects		-	9.8
- Financial investments		15.2	74.0
- Loans and receivables including insurance receivables		13.1	6.1
- Property held for sale		0.1	0.1
Net unrealised fair value movements on financial assets, investment property and borrowings		-3,138.7	1,683.6
Net (decrease)/increase in insurance liabilities		2,844.1	-523.0
Net (decrease)/increase in liabilities for investment contract		380.4	-70.5
Non cash movements associates and joint ventures		-18.6	-13.3
Share of profit or loss from associates and joint ventures		5.1	-0.3
Cash generating profit of the year		**577.0**	**1,269.3**
Cash flow from operating activities			
Net (increase)/decrease in intangible assets related to insurance and investment contracts		1.9	1.9
Net (increase)/decrease in other intangible assets		-5.4	-5.7
Net (increase)/decrease in property and equipment		1.9	-9.5
Net (increase)/decrease in investment property		-3.0	7.2
Net (increase)/decrease in plan assets		-	-3.3
Net (increase)/decrease in associates		135.3	-56.7
Net (increase)/decrease in reinsurance assets		-154.6	-8.7
Net (increase)/decrease in other assets		-83.8	149.6
Net (increase)/decrease in receivables and other financial assets		187.4	379.0
Net (increase)/decrease in capitalised interest and prepayments		34.9	109.3
Net (increase)/decrease in pension obligations and provisions for other liabilities		268.6	-292.5
Net (decrease)/increase in tax assets/liabilities		-6.7	-6.8
Net (decrease)/increase in borrowings		29.5	-31.2
Net (decrease)/increase in other liabilities		281.9	366.5
Net (decrease)/increase in financial liabilities*		-301.6	-412.8
Net movement in derivative financial instruments		95.0	-1.6
Subtotal		**1,058.2**	**1,453.8**

Consolidated cash flow statement for the first half year

In millions of euros		2014	2013
Subtotal		**1,058.2**	**1,453.8**
Income taxes (paid)/received		-47.0	-44.8
Total net cash flow from operating activities		**1,011.2**	**1,409.0**
Cash flow from investing activities			
Net (increase)/decrease in debt securities		-442.2	-1,245.7
Net (increase)/decrease in equity securities		14.6	248.0
Net (increase)/decrease in other investments		37.2	10.9
Net (increase)/decrease in investments at policyholders' risk*		-117.1	58.2
Net (increase)/decrease in investments FV - third party in IF*		323.1	-336.9
Net increase/decrease in loans against fair value through profit or loss (including at policyholders' risk)		-178.7	-576.8
Net (increase)/decrease in loans and receivables at amortised cost		636.3	1,004.4
Purchases of property and equipment		-7.8	-3.0
Proceeds from sale of property and equipment		-	0.4
Total net cash flow from investing activities		**265.5**	**-840.5**
Cash flow from financing activities			
Proceeds from borrowings		1,027.3	354.0
Repayments of borrowings		-931.2	-1,207.0
Dividends paid to shareholders		-41.3	-38.4
Dividends paid to non-controlling interests		-18.1	-13.1
Total net cash flow from financing activities		**36.8**	**-904.6**
Net (decrease)/increase in cash and cash equivalents		1,313.5	-336.1
Cash and cash equivalents at beginning of year		1,425.4	2,580.1
Net (decrease)/increase in cash and cash equivalents		1,313.5	-336.1
Total cash and cash equivalents at 30 June		**2,738.9**	**2,244.0**
Cash and cash equivalents consolidated statement of financial position		2,370.0	2,208.0
Cash and cash equivalents risk reward policyholder		161.7	36.0
Cash and cash equivalents third party in Investment Fund		87.5	-
Cash and cash equivalents Bank Belgium		119.7	-
Total cash and cash equivalents at 30 June		**2,738.9**	**2,244.0**
Further details on cash flow from operating activities			
Interest paid		-219.9	-246.6
Interest received		991.7	896.4
Dividends received		149.0	196.5

* Restated for material balance sheet movements, see section 2.6.2. 'Financial impact of changes in accounting policies'.

2.6. Summary of accounting policies and basis of consolidation

Delta Lloyd N.V. is a public limited liability company ('naamloze vennootschap') incorporated and headquartered in the Netherlands. The company's registered address is Amstelplein 6, 1096 BC Amsterdam. With its subsidiaries (collectively, Delta Lloyd) it provides life and pension insurance, long-term savings products, most classes of general insurance, banking activities and asset management. These activities are carried out through subsidiaries and associates in the Netherlands, Belgium and Germany.

Delta Lloyd's free float of ordinary shares is above 99%. Through its preference shares A (nominal value € 0.20 per share), Fonds NutsOhra has 4.89% (5.00% at 31 December 2013) of the voting rights at the General Meeting of Shareholders.

2.6.1. Accounting policies

Delta Lloyd's condensed consolidated interim financial report for the period ending 30 June 2014 is prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS). The condensed consolidated interim financial report does not include all the information required for full financial statements and should therefore be read in conjunction with Delta Lloyd's 2013 financial statements. The condensed consolidated interim financial report is unaudited but has been reviewed by the auditor.

All accounting policies and methods of computation applied to the condensed consolidated interim financial report for the period ended 30 June 2014 are the same as those applied in the 2013 consolidated financial statements of Delta Lloyd (see http://verslag.deltalloydgroep.com), except for the new and amended IFRS standards referred to below.

All amounts are in millions of euros unless stated otherwise. Calculations in the tables are made using unrounded figures; as a result, rounding differences can occur.

The new and amended IFRS standards applied by Delta Lloyd as of 1 January 2014 are:

IFRS 10 Consolidated Financial Statements (mandatory in the EU from 1 January 2014)
IFRS 10 replaces IAS 27, 'Consolidated and Separate Financial Statements', and SIC 12, 'Consolidation - Special Purpose Entities', although IAS 27 continues to apply to separate financial statements. The application of this new standard impacts the financial position of Delta Lloyd (see section 2.6.2.) because several investment funds have to be consolidated due to a change in the consolidation conclusion compared with previous years. For the corresponding accounting policy see section 2.6.3. 'Basis of consolidation'.

IFRS 11 Joint Arrangements (mandatory in the EU from 1 January 2014)
This standard supersedes IAS 31, 'Interests in Joint Ventures', and SIC 13, 'Jointly Controlled Entities – Non-monetary Contributions by Venturers'. Joint arrangements are contractual agreements in which Delta Lloyd has joint control with one or more parties. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified either as a joint operation or a joint venture with the focus being on economic reality, i.e. on rights and obligations, rather than on the legal form of the joint arrangement ('substance over form'). A joint operator recognises the assets and liabilities of the arrangement and the related revenues and expenses. A joint venturer recognises its interest in the arrangement using the equity method. Delta Lloyd assessed the nature of its joint arrangements and concluded all are joint ventures. Since joint ventures were already recognised using the equity method under IAS 31 there is no impact on Delta Lloyd's financial position.

IFRS 12 Disclosure of Interests in Other Entities (mandatory in the EU from 1 January 2014)
IFRS 12 provides disclosure requirements on interests in subsidiaries, associates, joint ventures and structured entities. This standard will not affect Delta Lloyd's financial results but will expand the notes to the financial statements in the annual report.

Amendments to IFRS 10, IFRS 11 and IFRS 12 Transitional Guidance (mandatory in the EU from 1 January 2014)
The amendments clarify the transition guidance in IFRS 10, IFRS 11 and IFRS 12 and provide relief from presenting or adjusting comparative information for periods prior to the immediately preceding period. IFRS 12 was amended further to provide additional transition relief by eliminating the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period prior to the first annual period for which IFRS 12 is applied. Delta Lloyd uses the described transitional guidance.

The following revised standards and amendments had no effect on Delta Lloyd's financial result or equity (for a full description reference is made to the annual report 2013):

- Revised IAS 27 Separate Financial Statements;
- Revised IAS 28 Investments in Associates and Joint Ventures;
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities;
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities;
- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting.

There were no endorsements by the European Union during the first half year 2014.

During the first half year of 2014, the IASB published the following amendments and standards, which will be applicable to Delta Lloyd if endorsed by the European Union and if no early adoption takes place:

- Amendments to IAS 16 and 38: Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016);

- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (from 1 January 2016);
- IFRS 15 Revenue from Contracts with Customers (from 1 January 2017).

Delta Lloyd is currently investigating the exact impact of these amendments and the standard, but does not expect financial results or equity to be significantly affected.

2.6.2. Financial impact of changes in accounting policies

The financial impact of the changes in the accounting policy regarding IFRS 10 is as follows:

Restatement of comparative figures in the statement of financial position

In millions of euros	Previously reported 31 December 2013	Change in accounting policy IFRS10	Restated 31 December 2013	Previously reported 1 January 2013	Change in accounting policy IFRS10	Restated 1 January 2013
Statement of financial position						
Debt securities	24,959.9	100.1	25,060.1	25,232.8	88.5	25,321.2
Equity securities	3,458.0	-158.1	3,299.8	4,322.1	-123.6	4,198.6
Derivatives	1,172.4	0.6	1,173.0	2,550.3	0.8	2,551.1
Investments at policyholders' risk	13,691.5	-845.5	12,846.0	13,535.2	-637.8	12,897.4
Third party interests in consolidated investment funds	-	4,649.7	4,649.7	-	3,976.0	3,976.0
Receivables and other financial assets	1,955.2	0.5	1,955.8	2,209.5	0.5	2,209.9
Current tax assets	70.0	1.2	71.2	79.7	0.9	80.7
Capitalised interest and prepayments	617.1	22.3	639.4	637.9	2.4	640.3
Cash and cash equivalents	1,127.5	19.1	1,146.6	2,570.6	32.8	2,603.4
Total assets		**3,790.0**			**3,340.4**	
Revaluation reserves	645.9	-89.7	556.3	637.7	-70.2	567.6
Retained earnings	1,634.9	89.7	1,724.6	1,586.4	70.2	1,656.6
Deferred tax liabilities	703.9	0.8	704.7	1,220.2	-	1,220.2
Derivatives	1,357.1	0.1	1,357.2	2,078.0	-	2,078.1
Third party interests in consolidated investment funds	-	4,649.7	4,649.7	-	3,976.0	3,976.0
Customer savings and deposits	4,730.3	0.1	4,730.4	10,532.7	-	10,532.7
Other financial liabilities	1,500.9	-867.3	633.6	2,457.2	-638.1	1,819.1
Other liabilities	2,088.2	6.6	2,094.8	2,282.5	2.6	2,285.1
Total shareholders' funds and liabilities		**3,790.0**			**3,340.4**	

Restatement of comparative figures in the income statement first half year 2013			
In millions of euros	Previously reported	Change in accounting policy IFRS 10	Restated
Income statement			
Investment income	-113.1	249.9	136.7
Other income	-12.1	1.0	-11.1
Total income		**250.9**	
Change in financial liability on behalf of third party in investment funds	-	186.4	186.4
Expenses relating to the acquisition of insurance, investment and other contracts	318.5	46.7	365.2
Finance costs	291.4	2.7	294.1
Other operating expenses	325.2	1.1	326.3
Total expenses		**236.8**	
Income tax	23.3	-2.7	20.6
Total income statement		**11.3**	

Restatement of assets under management			
In millions of euros	Previously reported 31 December 2013	Change in accounting policy IFRS 10	Restated 31 December 2013
Total funds under management in the statement of financial position	69,988.5	3,790.0	73,778.5
Third party funds under management	7,738.3	-3,790.0	3,948.3
Total assets under management	**77,726.8**	**-**	**77,726.8**

The consolidation of investment funds leads to an increase of the balance sheet total due to the third party interests amounting to € 3,790.0 million at year end 2013. Before the implementation of IFRS 10, under IAS 27, a number of the Delta Lloyd investment funds were already consolidated; the third party interest in these consolidated funds of € 845.5 million was included in the line item investment at policyholders' risk. Given the fact that a broader range of funds is consolidated under IFRS 10, a separate line item is created to present the third party interests in consolidated investment funds and the amount of € 845.5 million is reclassified from investment at policyholders' risk to the new line item accordingly. The overall impact on the line item third party interests in consolidated investment funds under IFRS 10 is € 4,649.7 million.

Due to the consolidation of investment funds, a look-through is applied to Delta Lloyd's own risk share in its investment funds. Instead of presenting equity securities in its investment funds, the underlying items of the investment funds, such as debt securities, capitalised interest and cash are now presented as separate line items in the balance sheet. As a result, the restated balance sheet at year end 2013 shows a decrease in equity securities of € 158.1 million being substituted by mainly debt securities for an amount of € 100.1 million, capitalised interest for € 22.3 million and cash for € 19.1 million.

With the adoption of IFRS 10 the Net Operational Result decreased with € 3.0 million. This is mainly due to the lower LTIR as the consolidation of the group has been adjusted and equity securities, related to Delta Lloyd's holdings in the investment funds, are replaced by assets held by these funds (a.o. debt securities). These assets are not included in the Operational result definition of the LTIR. As consequence, the impact for the LTIR is € -4.0 million at the first half year of 2013. Furthermore, the impact of adoption of IFRS 10 on the operational expenses is € 1.1 million.

Investment funds apply a fair value through profit or loss accounting policy. As some of the equity securities in these consolidated investment funds were accounted for as available for sale, from which the fair value movements are accounted through equity, Delta Lloyd decided to eliminate this accounting mismatch by also applying the fair value through profit or loss option to these investments upon adoption of IFRS 10. For end year 2013, this results in a release of € 89.7 million of the revaluation reserve regarding the available for sale equity securities to retained earnings for € 78.4 million and to profit or loss for € 11.3 million.

2.6.3. Basis of consolidation

Subsidiaries
The accounting policy for consolidation has changed due to the new control definition under IFRS 10. Delta Lloyd applies the new policy for consolidated financial statements in accordance with the transitional provisions of IFRS 10.

Delta Lloyd has control of an (structured) entity if it (a) has power over the entity; (b) is exposed, or has rights, to variable returns due to their involvement in the relevant activities of the entity; and (c) has the ability to use its power to affect the level of return, reflecting a link between power and returns. The assessment of control is based on the substance of the relationship between Delta Lloyd and the entity and, among other things, considers existing and potential voting rights that are substantive. For a right to be substantive, the holder must have the practical ability to exercise that right.

Subsidiaries are consolidated from the date when effective control is transferred to Delta Lloyd and are excluded from consolidation from the date when effective control is lost.

Delta Lloyd uses the purchase method when a subsidiary is acquired. The acquisition price is the sum of the fair value of assets given, equity instruments issued and any acquisition-related liabilities. Separately identifiable assets, liabilities and contingent liabilities acquired, as well as net assets, are measured at fair value on the acquisition date. The difference between the acquisition price of a subsidiary and the share in net assets that is attributable to Delta Lloyd's equity interest is recognised as goodwill in the financial statements. If the acquisition price is lower than the fair value of the equity interest, the surplus is recognised through profit or loss.

Investment funds managed by Delta Lloyd and in which it holds an interest are consolidated in the financial statements if Delta Lloyd has control. This is the case when Delta Lloyd has power over the investment fund, sufficient variable return, and when Delta Lloyd can use that power to affect these returns. The assessment of control is based on the substance of the relationship between Delta Lloyd and the investment fund and, among other things, considers decision-making authority, removal rights, existing and potential voting rights that are substantive and sufficiency of variability of return.

In assessing control, all interests held by Delta Lloyd in the investment fund are considered, regardless of whether the financial risk related to the investment is borne by Delta Lloyd or by the policyholders (unless the investment fund meets the criteria of a silo).

On consolidation of an investment fund Delta Lloyd recognises the assets of third parties as a separate line item on the face of the balance sheet and the non-controlling interest as a financial liability (Delta Lloyd is obliged to acquire non-controlling interests in such funds in the event that these are offered). These assets and liabilities are accounted for at fair value through profit or loss.

Equity instruments issued by Delta Lloyd N.V. that are held by investment funds are eliminated on consolidation in equity and not in the measurement of the related financial liabilities towards policyholders or other third parties.

2.6.4. Use of assumptions and estimates

The preparation of the condensed consolidated interim financial report requires Delta Lloyd 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 reporting date. This particularly concerns estimates and assumptions used to establish insurance contract provisions (including longevity risk), determining the fair value of assets and liabilities, establishing impairment (including goodwill and receivables), employee benefits and deferred acquisition costs. These estimates and assumptions are based on management's best knowledge of current facts and circumstances. Important assumptions made by management are disclosed in the relevant note. Actual results may ultimately differ, possibly significantly, from these estimates. Interim results are not necessarily indicative for the full year results.

2.7. Risk management

Financial market development

In June, the European Central Bank (ECB) presented an unprecedented set of measures that were meant to weaken the exchange rate of the euro, increase inflation and support lending to the private sector. Most of the measures announced by the ECB were in line with market expectations. The refinancing rate and deposit rate were lowered by 10 basis points, making the deposit rate negative for the first time in history. The ECB also announced new long-term (four year) loans to banks at favourable conditions, especially if the funds are used for private sector lending. Interest rates on German and Dutch government bonds decreased following the announcement.

The ECB did not implement quantitative easing, a policy that has been used by central banks in the United States, the United Kingdom and Japan. The ECB did state that it would accelerate plans to purchase asset-backed securities. However, if inflation remains low, the ECB may decide to carry out large-scale asset purchases after all.

During the first half year of 2014 the financial conditions in Europe remained stable, with moderate economic growth. European stock markets gained about 4% in the first half year of 2014. The unemployment rate is slowly declining, although it is still very high in some southern European countries. Although in general the situation in southern Europe improved, the situation per country differs significantly and the road to recovery is still long.

Sustained low interest yield environment
Interest rates further decreased this year and are now at historically low levels. Delta Lloyd is protected against interest rate risk changes (“matched”), but if interest rates continue to remain low for a prolonged period this will result in additional challenges. A significant risk for Delta Lloyd is the relatively low yield on reinvestments. Although the benefits of insurance have not changed, this may mean insurance products become less attractive. The lower reinvestment yield leads to higher premiums for customers and the cost of guaranteed products. Lower yields also lead to pressure on margins and consequently on solvency levels. To deal properly with this pressure, Delta Lloyd looks critically at its interest rate profile, regularly reviews its asset mix to achieve an optimal balance between yield and risk and uses scenario analyses to identify the long-term effects of persistently low interest rates.

Dutch housing market
There are signals that the Dutch residential mortgage market has bottomed out. The mortgage market has increased compared to last year and residential house prices are stabilising or even slightly increasing. This is supported by declining mortgage lending rates. Nevertheless the debt burden of Dutch households remains relatively high and the number of arrears is increasing.

At 1 January 2014, Waarborgfonds Eigen Woningen (WEW) introduced a 10% own risk in losses resulting from mortgages with NHG guarantees.

Risk management at Delta Lloyd

Figures mentioned in this paragraph are as if Delta Lloyd Bank Belgium is not stated as held for sale as Delta Lloyd still bears the risk of Delta Lloyd Bank Belgium.

Interest rate risk

Delta Lloyd incurs interest rate risk as the market value of its assets and liabilities depends mainly on interest rates. There is an additional risk on fixed-income assets and instruments, as the yields on these assets may develop differently from the rates used for discounting the liabilities.

Interest rate risk is managed by matching the duration and cash flows of assets and liabilities. To this extent interest rate profiles of the portfolio have been optimised to provide a better match between assets and liabilities to reduce the interest rate risk for the balance sheet.

Delta Lloyd uses the Collateralised AAA curve to measure the value of the majority of its insurance provisions. The Collateralised AAA curve consisted of 361 bonds at 30 June 2014. The 10-year point of the Collateralised AAA curve (with UFR) at 30 June 2014 is 1.65%, which compared to year end 2013, is a decrease of 79 basis points, mainly due to a general decrease in interest rates. The Collateralised AAA curve is constructed using an Ultimate Forward Rate (UFR), with the one-year forward rates for durations upwards from 20 years converging to a UFR of 4.2% over a period of 40 years. This is in accordance with the adjustments to the ECB AAA curve for defining the regulatory (IGD) solvency.

Not only the Collateralised AAA curve, but all yield curves decreased significantly during the first half of this year. The ECB AAA curve showed the largest decrease: 82 basis points at the 10-year point (at 1.45%).

Equity risk

On 30 June 2014, Delta Lloyd's equity portfolio, which is held at own risk, was € 3.4 billion (year end 2013: € 3.3 billion). Excluding private equity, preference shares and bond funds, and including equity derivatives, the equity portfolio is € 2.2 billion (year end 2013: € 2.3 billion). A considerable part of the equity portfolio is invested in large and mid-sized Dutch companies. Delta Lloyd reduced its equity risk further by selling € 0.3 billion of equity securities.

Credit risk

Exposure to sovereign and sub-sovereign debt of southern European countries and Ireland amounts to € 1,665.0 million at 30 June 2014, compared to € 502.8 million at year end 2013. Compared to year end 2013, exposure to these countries was increased because the economic situation in these countries stabilised. There are signs of economic recovery and a scaling back of emergency support. Although in general the risk/return profile for investing in these countries improved, the situation per country differs significantly and recovery still has a long way to go.

The total exposure in debt in the Russian Federation at 30 June 2014 amounts to € 74.3 million (year end 2013: € 152.0 million). Delta Lloyd has no exposure in Ukraine.

The tables below show Delta Lloyd's total exposure to risks on southern European countries and Ireland, including lending to the financial sector and other private businesses. The comparative amounts are not adjusted for IFRS 10 (look through principle of the underlying investments) since the way Delta Lloyd monitors exposure to southern European countries and Ireland has not changed. Lending to private businesses in these countries is, by their nature and activities, not necessarily exposed to the same credit risk as in countries where their headquarters are located. The tables are based on Delta Lloyd's 'country of risk' methodology and the figures include accrued interest. The risk-reduction effect of credit default swaps is not shown. Delta Lloyd has hedged a nominal value of € 380.0 million, of default risk relating to all fixed-income investments in these countries using credit default swaps (year end 2013: € 378.4 million). A nominal value of € 50.0 million is hedged against a default of Italy and € 330.0 million against a default of Spain. The 'Other bonds' column includes collateralised bonds. All amounts are gross, i.e. before adjustment for any collateral received.

Position in sovereign, sub-sovereign and other bonds and receivables at 30 June 2014

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total
Portugal	43.0	6.4	61.8	47.2	-	158.3
Italy	755.4	181.2	56.0	313.7	-	1,306.3
Ireland	342.6	50.4	72.5	124.4	-	589.8
Greece	-	6.2	-	-	-	6.2
Spain	524.1	239.8	141.6	457.4	234.4	1,597.3
Total	**1,665.0**	**484.1**	**331.9**	**942.6**	**234.4**	**3,658.0**

Position in sovereign, sub-sovereign and other bonds and receivables at 31 December 2013

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total
Portugal	21.2	6.5	-	18.9	-	46.6
Italy	254.1	169.7	17.9	137.4	-	579.1
Ireland	122.7	28.4	43.8	131.2	-	326.2
Greece	-	-	-	-	-	-
Spain	104.8	169.1	72.6	419.0	199.7	965.2
Total	**502.8**	**373.8**	**134.3**	**706.5**	**199.7**	**1,917.1**

Despite the financial crisis, Delta Lloyd has so far suffered limited losses on Dutch residential mortgage loans: € 2.8 million at half year 2014. However, adverse economic circumstances could still have substantial consequences for the housing market and for employment. For this reason, Delta Lloyd carefully monitors the development of its Dutch mortgage loan portfolio.

The tables below provide details on the carrying amount of financial assets that have been impaired and the ageing of financial assets that are past due but have not been impaired. The tables relate to own risk financial assets.

Financial assets after impairments at 30 June 2014

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total
Debt securities	30,371.8	0.9	10.0	30,382.7
Loans and receivables	22,202.2	462.3	100.1	22,764.5
Receivables and other financial assets	1,752.7	149.8	8.7	1,911.2

Financial assets after impairments at 31 December 2013*

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total
Debt securities	26,137.1	0.7	30.0	26,167.9
Loans and receivables	22,486.0	380.1	109.1	22,975.2
Receivables and other financial assets	1,551.2	557.8	14.1	2,123.1

* restated, see section 2.6.2. 'Financial impact of changes in accounting policies'.

Maturity of financial assets that are past due but not impaired at 30 June 2014

In millions of euros	Within three months	Between three and six months	Between six months and one year	More than one year	Total
Debt securities	-	-	-	0.9	0.9
Loans and receivables	321.1	70.3	37.6	33.3	462.3
Receivables and other financial assets	22.3	59.0	68.5	-	149.8
Total	**343.4**	**129.3**	**106.0**	**34.3**	**613.0**

Maturity of financial assets that are past due but not impaired at 31 December 2013

In millions of euros	Within three months	Between three and six months	Between six months and one year	More than one year	Total
Debt securities	-	-	-	0.7	0.7
Loans	269.4	50.8	33.2	26.7	380.1
Receivables and other financial assets	531.3	10.5	15.9	0.1	557.8
Total	**800.7**	**61.3**	**49.1**	**27.6**	**938.7**

Property risk

Delta Lloyd maintains a diversified property portfolio that includes residential property, car parks, shopping centres and commercial property. Part of it is directly invested and part is invested through funds. The residential sector, which to date has remained relatively stable, makes up the largest part of the portfolio. The outlook in the residential letting market is positive in the sector in which Delta Lloyd invests. The largest part of Delta Lloyd's office portfolio is located in Germany, where demand, vacancy rates and prices are stable.

Demand for commercial property (mainly offices and shops) in the Netherlands has been under pressure for some time due to the state of the Dutch economy. This has resulted in higher vacancy rates. This trend is reflected in Delta Lloyd's Dutch commercial property portfolio. In addition Delta Lloyd used fewer offices, leading to higher vacancy rates in properties Delta Lloyd occupies.

Delta Lloyd's property portfolio for own risk was valued at € 2.3 billion at 30 June 2014 (year end 2013: € 2.3 billion) after a downward revaluation of € 50.9 million in the first half of 2014 (first half year 2013: € 39.9 million). The portfolio is divided into residential 43% (year end 2013: 41%), offices 36% (year end 2013: 36%), retail 13% (year end 2013: 12%), property occupied by Delta Lloyd 6% (year end 2013: 6%) and other 2% (year end 2013: 5%). Of the property portfolio € 1.6 billion is allocated to Dutch property, € 0.5 billion to German property and € 0.2 billion to Belgian property. The German property market is much less distressed than the Dutch market, as reflected in the vacancy rates.

Vacancy rates for property in the Netherlands are 3% (year end 2013: 2%) for residential, 8% (year end 2013: 7%) for retail and 23% (year end 2013: 20%) for offices. Vacancy rates for the Dutch property portfolio are calculated by stating rental income foregone as a percentage of total gross rental income. Vacancy rates for property in Germany are 0% (year end 2013: 4%) for residential and 3% (year end 2013: 3%) for offices. Vacancy rates for Germany are calculated based on the number of vacant square metres versus the total number of available square metres.

Longevity risk

Longevity risk is the main insurance risk of Delta Lloyd and an integral part of the product portfolio. Therefore Delta Lloyd is preparing a capital markets transaction to reduce longevity risk in the life business. Delta Lloyd understands that an updated mortality table will be published in the second half of 2014, which will provide revised estimates for mortality and longevity risks.

Funding risk

Delta Lloyd's residential mortgage warehouse Amstelhuys has undertaken several securitisation transactions under the Arena and Darts programmes. During the first half year of 2014, Amstelhuys repurchased the outstanding notes of the Darts 2004-1 transaction. As a result, there are three remaining securitisation programmes with an aggregated amount of € 2.4 billion that have their first optional redemption date in 2014. Funding for a possible redemption will come from a combination of internal and external sources. Currently, there is sufficient appetite in the market to secure the necessary funding. At the time of writing this report, all securitisation programmes at Delta Lloyd have been called on or before their first optional redemption date. In May this year, Amstelhuys securitised for an amount of € 352.7 million under the name of iArena BV.

Capital positions

IFRS equity (excluding non-controlling interests) increased by € 205.5 million compared with year end 2013 to € 2,826.1 million, due to increased investment results. This brought IFRS solvency to 238.4% (year end 2013: 214.9%).

The Total Capital Ratio of Bank Netherlands is 20.6% and the Common Equity Tier 1 ratio is 17.9%. For Bank Belgium the Total Capital Ratio is 13.0% and the Common Equity Tier 1 ratio is 10.8%. The ratios are based on Basel III phase-in including profits, this is a 'transitional solution' in using the Basel III fully loaded.

The main difference in using Basel III (fully loaded) own funds instead of using Basel II is the increased amount of conditions that need to be met in order to include subordinated loans in Tier 2 capital. Therefore, subordinated loans may no longer be included in own funds. However, grandfathering allows for gradually phasing out the subordinated loans from own funds between 2014 and 2021.

Delta Lloyd successfully placed a new € 750 million subordinated note transaction at a coupon of 4.375% in June. The notes strengthen the capital base under IGD. Regulatory solvency (Insurance Groups Directive or IGD), measured under the current solvency system, of Delta Lloyd increased by 23.7% to 207.4% (year end 2013: 183.6%), mainly caused by the issuance of the subordinated note. Available capital increased by € 665.7 million (leading to a 32.5% increase in IGD) mainly as a result of the increased subordinated loans and the performance of assets versus liabilities. In addition required capital increased by € 98.0 million (leading to an 8.8% decrease in IGD) due to the decreased Collateralised AAA curve, which led to increased insurance liabilities.

Life insurers need to have permission from DNB to pay dividends or other forms of equity distributions when they fail on the TSC (“Theoretisch Solvabiliteits Criterium”) stress scenarios. As of the first half year of 2014 Delta Lloyd is under the TSC eligible to pay out dividends. Unless the Solvency II requirements are not sufficiently clear by the end of this year, as from 2015, the TSC criteria will no longer apply. Instead, all insurance companies must use the Solvency II capital requirement to determine whether a ‘declaration of no objection’ (“verklaring van geen bezwaar”) is needed, in order to be allowed to decrease their capital, e.g. by paying out a dividend.

The impact of changes in the main capital market data are set out below to provide information on the sensitivity of the result and shareholders’ funds to movements in the capital markets. The IGD sensitivities are also disclosed. The sensitivity analysis of pensions is presented in section 2.9.6. ‘Pension obligations’.

These sensitivities can be described as follows:

Sensitivity factor	Description of sensitivity factor used
Credit spreads	The effect of a 50 bps change in credit spread (applicable to collateralised and (sub-)sovereign bonds with a rating below AAA, corporate bonds, FV loans).
Interest rate	The effect of a 25 bps increase or decrease across the yield curve taking the UFR methodology into account (UFR is fixed).
Equity markets	The effect of a change of 10% in equity value (applicable to ordinary shares, 5% participations, investment funds and derivatives).
Property	The effect of a change of 10% in property value (applicable to offices, residential, retail and other property).
Funding spreads	The effect of a 50 bps change in funding spread (applicable in the valuation of FV mortgages without a NHG guarantee and mortgage funding).
Expense risk	The effect of a 10% increase in expense assumptions.
Mortality and disability risk in life insurance	The effect of an increase of 5% in mortality and disablity probabilities.
Longevity risk	The effect of a 5% reduction in mortality probabilities.
Claims ratio risk	The effect of an increase of 5% in the gross claims ratio for general and health insurance.

The tables below show the impact of the main market risks on Delta Lloyd's on results and shareholders' funds. The IFRS sensitivities are based on Delta Lloyd accounting policies and are shown after tax.

Sensitivity analysis of investments

In millions of euros	Impact on result after tax at 30 June 2014	Impact on equity at 30 June 2014	Impact on result after tax at 31 December 2013	Impact on equity at 31 December 2013
Credit spreads +50 bps	-343.2	-410.3	-275.2	-325.7
Credit spreads -50 bps	369.2	440.7	294.6	347.2
Interest rate +25 bps	-669.5	-720.7	-605.8	-655.0
Interest rate -25 bps	708.9	761.0	641.3	691.6
Equity values +10%	-12.4	108.1	-11.2	116.0
Equity values -10%	14.0	-98.0	18.9	-100.0
Property values +10%	189.3	192.9	184.2	187.5
Property values -10%	-189.3	-192.9	-184.2	-187.5
Funding spreads +50 bps	-11.9	-11.9	-19.8	-19.8
Funding spreads -50 bps	13.8	13.8	21.0	21.0

Sensitivity analysis of liabilities				
In millions of euros	Impact on result after tax at 30 June 2014	Impact on equity at 30 June 2014	Impact on result after tax at 31 December 2013	Impact on equity at 31 December 2013
Credit spreads +50 bps	6.8	37.3	5.3	23.7
Credit spreads -50 bps	-7.4	-40.7	-5.6	-24.9
Interest rate +25 bps	696.0	713.4	625.9	636.3
Interest rate -25 bps	-743.5	-761.7	-658.5	-669.2
Equity values +10%	38.6	37.8	34.5	33.7
Equity values -10%	-40.7	-39.9	-36.8	-35.9
Property values +10%	-42.2	-42.2	-42.7	-42.7
Property values -10%	42.2	42.2	42.7	42.7
Funding spreads +50 bps	-	-	-	-
Funding spreads -50 bps	-	-	-	-
Longevity risk -5%	-181.8	-181.8	-161.1	-161.1
Expense risk +10%	-47.1	-39.6	-56.7	-37.9
Mortality risk +5%	169.3	169.3	150.1	150.1
Claims ratio risk +5%	-11.8	-11.8	-35.8	-35.8

The IGD sensitivities can be described as follows:

Sensitivity factor IGD	Description of sensitivity factor used
Credit spreads	The effect of a 50 bps change in credit spread (applicable to (sub-) sovereign bonds with a rating below AAA, corporate and collateralised bonds and loans).
Interest rate	The effect of a 25 bps increase or decrease across the yield curve taking the UFR methodology into account (UFR is fixed).
Equity markets	The effect of a 10% change in equity value (applicable to ordinary shares, 5% participations, investment funds and derivatives).
Property	The effect of a 10% change in property value (applicable to offices, residential, retail and other property).
Funding spreads	The effect of a 50 bps change in funding spread (applicable to FV mortgages without NHG guarantee and mortgage funding).

The table below shows the impact of the main market risks on IGD available capital after tax. The IGD available capital sensitivities are based on local Solvency I guidelines, instead of using a single consolidated approach.

Sensitivity analysis of investments and liabilities according to IGD		
In millions of euros	Impact on available solvency at 30 June 2014	Impact on available solvency at 31 December 2013
Credit spreads +50 bps	-268.7	-200.8
Credit spreads -50 bps	285.5	211.6
Interest rate +25 bps	-20.3	-27.7
Interest rate -25 bps	24.8	35.4
Equity values +10%	124.3	130.9
Equity values -10%	-117.6	-118.5
Property values +10%	139.6	133.4
Property values -10%	-139.6	-133.4
Funding spreads +50 bps	-56.2	-55.2
Funding spreads -50 bps	60.2	57.9

Credit spread risk
Credit risk increased in the first half year of 2014 due to increase in exposure to credit risk. This increase is mainly caused by selling Sovereign AAA bonds in favour of bonds with a lower credit rating. Credit spread sensitivities do not contain spread sensitivity on mortgages and mortgage funding. As of December 2013 the sensitivity in the funding spread of mortgages is reported separately.

Interest rate risk
Under IFRS, liabilities are measured using the Collateralised AAA curve. Delta Lloyd introduced the UFR methodology in the Collateralised AAA curve from half year 2013. The sensitivities are calculated using a fixed UFR. In addition, due to historically low interest rates, interest rate sensitivity is based on a 0.25% increase or decrease in interest rates.

The sensitivity to both investments and liabilities increased due to the decrease in interest rates in the first half year of 2014. As the increase in sensitivity of the liabilities is larger than the increase on investments, the total IFRS sensitivity has decreased compared to December 2013. The interest rate sensitivity is close to zero at half year 2014.

Under IGD similar effects are seen as for IFRS, resulting in a decrease in interest rate sensitivity compared to December 2013.

Equity risk
The impact of equity risk on the result is different than the impact of equity risk on the solvability since equity derivatives are valued through P&L while this does not hold for all other equity classes. Sensitivity to a fall in equity markets has remained stable compared to December 2013.

Property risk
Sensitivity to a fall in property markets remained stable in the first half year of 2014.

Funding spread risk
Sensitivity of mortgages and mortgage funding is reported separately under the funding spread sensitivity, as introduced at the end of 2013. Fair value of the mortgage portfolio depends on spreads obtained from the residential mortgage-backed securities (RMBS) market. As a result there is no direct relation in the valuation of mortgages to the corporate bond credit spread market.

Funding spread sensitivities at prior year end have been restated. As of 2014 Delta Lloyd only includes mortgages without a National Mortgage Guarantee (NHG) in determining the funding spread sensitivity. The treatment of NHG mortgages is in line with the methodology under Basel. In addition mortgages are used by Delta Lloyd as matching assets for long-term insurance liabilities. In this respect Delta Lloyd primarily faces default risk on its mortgage portfolio. The exclusion of mortgages with NHG guarantee decreases the +50 bps sensitivity on result and shareholders' funds by € 24.2 million and decreases the -50 bps sensitivity by € 25.8 million as per half year of 2014. IGD sensitivities decrease by € 53.3 million for +50 bps and € 56.3 million for -50 bps at half year of 2014 by the exclusion of NHG mortgages.

The difference between IFRS and IGD is because a large portion of the mortgage portfolio is not accounted for at fair value under IFRS. Under IGD the fair value of the mortgages is included in the LAT margin.

Claims risk

Sensitivity to a 5% increase in the claims ratio is based on the current claims ratio at half year 2014 and therefore on a half year's earned premium. This explains the large difference in the sensitivity compared to year end 2013.

Limitations of sensitivity analysis

The sensitivity tables demonstrate the effect of a change in one of the key assumptions while other assumptions remain unchanged. In reality, such an occurrence is very unlikely due to correlation between the factors. Furthermore, these sensitivities are non-linear, and larger or smaller impacts cannot easily be derived from the results. The sensitivity analysis does not take into consideration that Delta Lloyd's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs. The financial risk management strategy aims to actively manage the exposure to market fluctuations. Techniques used include selling investments, changing investment portfolio allocation and using derivative financial instruments. Another limitation in the sensitivity analysis is that the hypothetical market movements represent Delta Lloyd's view on reasonably possible near-term market changes, which cannot be predicted with any certainty. A final limitation is the assumption that all interest rates move in an identical direction (with exception of convergence to the UFR) while this may not be the case in practice.

Solvency II

Delta Lloyd has a Solvency II programme to coordinate all activities still requiring attention under Solvency II and EIOPA's (European Insurance and Occupational Pensions Authority) preparatory measures, to be completed, before 2016. Delta Lloyd has opted to report its required solvency using an 'internal model' and has submitted the first part of the application package ("deelpakket") on 1 July 2014.

The focus is now also on the reporting requirements of Pillar 3. Already in 2015, all Dutch insurance companies are required to submit to DNB Solvency II reports (Quantitative Reporting Templates) to DNB, at reporting dates 31 December 2014, 30 June 2015 and 30 September 2015.

Delta Lloyd participates in the EIOPA stress test. The test aims to assess the resilience of the European insurance industry. Later this year, EIOPA will publish the results.

Delta Lloyd is investigating possibilities to implement the so-called Matching Adjustment (MA) on parts of its portfolio. The MA is a mechanism to mitigate the impact of changes in the asset prices caused by spread movements, as they may be partially offset with changes in the value of corresponding liabilities.

The industry is awaiting clarity from the regulators about the calculation and applicability of Volatility Adjustment (VA). The VA is a spread on the curve that is used to discount liabilities under Solvency II.

It is an important variable, as it is intended to partially offset volatility in asset prices, thus contributing to stable capital levels in stressed market conditions.

2.8. Segment information

There are no changes in the determination of the operational result after tax and non-controlling interest as set out in the annual report 2013. Neither are there changes in the basis of segmentation.

2.8.1. Segment results

Income and result for the first half year 2014							
In millions of euros	Life	General	Bank	Asset Manage-ment	Other	Elimina-tions	Total
Income							
Gross written premiums	1,540.3	776.3	-	-	-	-	2,316.7
Net premiums earned	**1,501.0**	**475.3**	**-**	**-**	**-**	**-**	**1,976.3**
Fee and commission income	33.2	30.9	37.8	57.2	28.3	-47.2	140.2
Net investment income							
Interest income	711.6	31.8	129.1	7.5	78.7	-34.0	924.6
Net rental income	62.0	-	-	-	-	-3.2	58.8
Dividends	144.9	3.2	-	-	0.9	-	149.0
Movements in the fair value of investments classified as held for trading	1.3	-	0.1	-	-	-	1.4
Movements in the fair value of investments classified as other than trading	2,738.7	4.1	51.1	0.4	74.3	-	2,868.6
Realised gains and losses on investments classified as available for sale	40.4	35.5	11.6	-	1.7	-	89.1
Impairment of investments classified as available for sale	-15.4	-	-	-	-	-	-15.4
Reversal of impairment of investments classified as available for sale	-	0.3	-	-	-	-	0.3
Result from loans and receivables	2.7	-	0.1	-	-	-	2.8
Impairment of loans and receivables	-4.7	-	-5.6	-	-5.1	-	-15.4
Reversal of impairment of loans and receivables	-	-	4.4	-	-	-	4.3
Result from derivatives	714.7	-16.2	-6.7	0.1	-28.3	-	663.6
Other investment income	-22.0	-	-	-	-34.6	-4.1	-60.7
Share of profit or loss after tax of associates	-5.1	-	-	-	-	-	-5.1
Total investment income	**4,369.1**	**58.6**	**184.0**	**8.0**	**87.6**	**-41.2**	**4,666.0**
Other income	2.3	-	-	-	-0.1	0.1	2.3
Total income	**5,905.6**	**564.8**	**221.9**	**65.2**	**115.8**	**-88.4**	**6,784.9**
Total intercompany income	-63.5	-55.8	-17.8	-25.3	74.1	88.4	-
Revenue from external customers	**5,842.1**	**509.0**	**204.1**	**39.9**	**189.9**	**-**	**6,784.9**
Result after tax and non-controlling interests	245.9	-4.3	41.7	16.8	-20.5	-	279.6
Operational result after tax and non-controlling interests	**136.6**	**34.3**	**12.3**	**18.1**	**-10.1**	**-**	**191.2**

Income and result for the first half year 2013

In millions of euros	Life*	General	Bank	Asset Manage-ment	Other	Elimina-tions	Total
Income							
Gross written premiums	1,690.0	860.1	-	-	-	-	2,550.1
Net premiums earned	**1,655.7**	**767.0**	**-**	**-**	**-**	**-**	**2,422.7**
Fee and commission income	6.8	32.3	38.4	66.7	27.5	-50.8	120.8
Net investment income							
Interest income	662.3	28.6	130.7	10.1	127.1	-47.3	911.6
Net rental income	62.5	-	-	-	-	-3.2	59.3
Dividends	255.9	4.7	-	-	-	-	260.6
Movements in the fair value of investments classified as held for trading	1.3	-	0.5	-	-	-	1.8
Movements in the fair value of investments classified as other than trading	-589.0	-2.5	-15.0	1.2	-88.2	-	-693.5
Realised gains and losses on investments classified as available for sale	61.3	36.3	-23.5	-	45.5	-	119.6
Impairment of investments classified as available for sale	-73.6	-0.5	-0.1	-	-	-	-74.2
Reversal of impairment of investments classified as available for sale	-	0.2	-	-	-	-	0.2
Result from loans and receivables	0.1	-0.2	-	-	-	-	-
Impairment of loans and receivables	-2.6	-	-5.9	-	-2.4	-	-10.8
Reversal of impairment of loans and receivables	0.7	-	3.6	-	-	-	4.2
Result from derivatives	-519.0	9.4	4.9	1.7	118.6	-	-384.4
Other investment income	-50.2	-	-	-	-2.9	-3.7	-56.8
Share of profit or loss after tax of associates	0.4	-	-	-0.1	-	-	0.3
Total investment income	**-189.8**	**76.0**	**95.2**	**12.9**	**197.6**	**-54.2**	**137.8**
Other income	1.5	1.4	-	-	-13.3	-	-10.4
Total income	**1,474.1**	**876.7**	**133.6**	**79.6**	**211.9**	**-105.0**	**2,670.9**
Total intercompany income	-62.0	-56.0	-18.2	-29.4	60.6	105.0	-
Revenue from external customers	**1,412.1**	**820.7**	**115.4**	**50.3**	**272.5**	**-**	**2,670.9**
Result after tax and non-controlling interests	-100.2	33.5	-21.3	19.4	-23.0	-	-91.6
Operational result after tax and non-controlling interests	**153.4**	**40.8**	**9.5**	**21.1**	**-18.5**	**-**	**206.4**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'.

2.8.2. Segment statement of financial position

Differences compared to the consolidated statement of financial position are due to Delta Lloyd Bank Belgium, which is not presented as assets held for sale in the tables below.

Segment statement of financial position at 30 June 2014							
In millions of euros	Life	General	Bank	Asset Manage-ment	Other	Elimina-tions	Total
Assets							
Intangible assets	54.6	27.1	0.2	13.8	283.3	-	379.0
Associates and joint ventures	171.8	-	-	0.2	3.1	-	175.2
Financial investments	58,453.9	2,480.4	9,652.7	614.7	6,010.0	-3,293.7	73,918.0
Reinsurance assets	440.2	268.4	-	-	-	-	708.7
Assets held for sale	-	-	5.9	-	-	-	5.9
Other assets	6,355.4	423.8	1,288.7	1,525.3	3,481.7	-3,768.1	9,306.8
Total assets	**65,476.0**	**3,199.8**	**10,947.6**	**2,154.0**	**9,778.2**	**-7,061.9**	**84,493.6**
Total shareholders' funds	**3,061.7**	**552.5**	**483.3**	**41.3**	**-993.4**	**-**	**3,145.4**
Liabilities							
Investment liabilities	5,197.4	-	-	-	-	-	5,197.4
Insurance liabilities	44,867.4	2,317.4	-	-	-	-	47,184.8
Borrowings	932.8	130.0	542.5	177.6	5,321.3	-1,151.1	5,953.0
Other liabilities	11,416.7	199.8	9,921.8	1,935.1	5,450.3	-5,910.7	23,013.0
Total liabilities	**62,414.3**	**2,647.2**	**10,464.3**	**2,112.6**	**10,771.6**	**-7,061.9**	**81,348.2**
Total shareholders' funds and liabilities	**65,476.0**	**3,199.8**	**10,947.6**	**2,154.0**	**9,778.2**	**-7,061.9**	**84,493.6**
Capital expenditure							
Property and equipment	0.5	-	1.7	-	5.5	-	7.8
Intangible assets	1.7	-	1.1	-	0.9	-	3.7
Capital injection subsidiaries	100.0	37.1	-	-	-	-	137.1
Total capital expenditure	**102.2**	**37.1**	**2.8**	**-**	**6.4**	**-**	**148.6**

Segment statement of financial position at 31 December 2013

In millions of euros	Life*	General	Bank	Asset Manage-ment	Other	Elimina-tions	Total
Assets							
Intangible assets	56.3	27.7	0.7	15.0	284.0	-	383.7
Associates and joint ventures	293.6	-	-	0.2	3.1	-	296.9
Financial investments	54,522.8	2,502.6	9,827.7	707.7	6,052.0	-2,384.7	71,228.0
Reinsurance assets	441.4	112.7	-	-	-	-	554.0
Assets held for sale	0.6	-	6.2	-	-	-	6.8
Other assets	5,716.7	553.0	1,082.7	517.5	3,384.2	-3,418.9	7,835.1
Total assets	**61,031.3**	**3,196.0**	**10,917.3**	**1,240.3**	**9,723.2**	**-5,803.5**	**80,304.5**
Total shareholders' funds	**2,836.9**	**496.6**	**406.1**	**55.9**	**-865.4**	**-**	**2,930.0**
Liabilities							
Investment liabilities	8,599.6	-	-	-	-	-	8,599.6
Insurance liabilities	42,062.0	2,278.8	-	-	-	-	44,340.7
Borrowings	586.8	98.3	560.2	94.9	5,118.5	-704.5	5,754.1
Other liabilities	6,946.2	322.3	9,951.0	1,089.5	5,470.1	-5,099.0	18,680.1
Total liabilities	**58,194.5**	**2,699.4**	**10,511.2**	**1,184.4**	**10,588.6**	**-5,803.5**	**77,374.5**
Total shareholders' funds and liabilities	**61,031.3**	**3,196.0**	**10,917.3**	**1,240.3**	**9,723.2**	**-5,803.5**	**80,304.5**
Capital expenditure							
Property and equipment	0.7	-	4.3	-	3.8	-	8.8
Intangible assets	2.2	-	3.3	-	2.2	-	7.7
Capital injection subsidiaries	43.9	-	-	-	-	-	43.9
Purchase of subsidiaries	50.0	-	-	-	-	-	50.0
Total capital expenditure	**96.8**	**-**	**7.6**	**-**	**6.0**	**-**	**110.3**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'.

2.8.3. Reconciliation of the primary financial statements

The reconciliation of operational result after tax and non-controlling interests to the result before tax from continuing operations is as follows:

Reconciliation of the result for the first half year		
In millions of euros	**2014**	**2013***
Operational result after tax and non-controlling interests	**191.2**	**206.4**
Income tax	68.0	73.8
Non-controlling interests	12.6	15.2
Operational result before tax and non-controlling interests	**271.8**	**295.4**
Assumed long-term investment return	-162.6	-177.4
Fair value gains and losses	-2,656.7	592.5
Actual return after profit sharing / interest accrual	2,982.8	-715.2
Longevity - non operational	-	-4.0
Non-operational items	-51.9	-86.9
Operational result before tax and non-controlling interests from discontinued operations	-	-0.7
Result before tax from continuing operations	**383.4**	**-96.3**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'

In the first half of 2014 the Collateralised AAA curve decreased. This resulted in an increase in the insurance provision and is shown as a part of 'fair value gains and losses' in the table above.

The decrease in interest rates led to a higher actual investment return in the first half of 2014, as the market value of the fixed income portfolio increased, compared to the equivalent period in 2013 (when interest rates increased).

The non-operational items consist of the run-off result on the reinsured international marine portfolio of € 3.6 million (first half year 2013: € -12.1 million), the impact in WGA-ER of € -2.6 million (first half year 2013: € -26.0 million), impairments of € -3.5 million (first half year 2013: € -18.4 million), several non-operational projects of € -27.2 million (first half year 2013: € -15.0 million) such as Solvency II and SEPA, and other non-operational items of € -22.2 million (first half year 2013: € -15.4 million).

The management cost base can be allocated to the following segments:

Management cost base per segment for the first half year		
In millions of euros	**2014**	**2013***
Life Insurance	136.0	132.8
General Insurance	111.2	117.7
Bank	69.2	70.7
Asset Management	21.5	20.4
Other	31.0	37.3
Total	**368.9**	**378.9**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'

Reconciliation IFRS operational costs to other operating expenses for the first half year		
In millions of euros	**2014**	**2013***
Other operating expenses	317.1	326.3
Allocated to expenses relating to the acquisition of insurance and investment contracts	101.6	105.8
Movement in other provisions	-0.3	-2.9
Non-operational costs	-49.5	-50.3
Management cost base	**368.9**	**378.9**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies

The table below provides details of the other operating expenses.

Other operating expenses for the first half year		
In millions of euros	**2014**	**2013***
Other operating expenses		
Staff costs and other employee-related expenditures	275.9	282.0
Amortisation of intangible fixed assets	6.7	8.0
Depreciation on property and equipment	4.9	6.8
Operating expenses	124.7	115.3
Impairment of property held for sale	0.1	0.1
Impairment of goodwill	-	9.1
Impairment of other intangible fixed assets	1.5	-
Impairment of property and equipment	3.0	1.4
Impairment of inventory of real estate projects	-	9.8
Impairment of receivables	5.2	2.6
Reversal of impairment of receivables	-3.1	-3.0
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-101.6	-105.8
Total other operating expenses	**317.1**	**326.3**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'

Allocated to expenses relating to the acquisition of insurance and investment contracts of € 101.6 million include acquisition costs of € 73.2 million (first half year 2013: € 79.2 million) and costs for handling claims of € 28.4 million (first half year 2013: € 26.5 million).

The non-operational costs consist of impairments of € 3.5 million (first half year 2013: € 18.4 million), several non-operational projects of € 27.2 million (first half year 2013: € 15.0 million) such as Solvency II and SEPA, and other non-operational costs of € 18.8 million (first half year 2013: € 16.8 million).

2.9. Notes to the statement of financial position

2.9.1. Financial investments own risk

Financial investments for own risk

In millions of euros	30 June 2014	31 December 2013*
Debt securities	27,225.2	25,060.1
Equity securities	3,424.7	3,299.8
Derivatives	1,552.7	1,173.0
Loans at fair value through profit or loss (FVTPL)	5,816.2	5,784.0
Loans and receivables at amortised cost	12,009.7	12,194.4
Total financial investment	**50,028.5**	**47,511.4**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'

Fair value of financial investments for own risk by category at 30 June 2014

In millions of euros	Recognised in the balance sheet at amortised cost	Recognised at fair value through profit or loss trading	Recognised at fair value through profit or loss other than trading	Available for sale	Total
Debt securities	-	0.2	23,745.8	3,479.2	27,225.2
Equity securities	-	0.8	1,259.1	2,164.8	3,424.7
Derivatives	-	1,552.7	-	-	1,552.7
Loans at fair value through profit or loss (FVTPL)	-	-	5,816.2	-	5,816.2
Loans and receivables at amortised cost	13,360.9	-	-	-	13,360.9
Total	**13,360.9**	**1,553.7**	**30,821.1**	**5,644.1**	**51,379.7**

Fair value of financial investments for own risk by category at 31 December 2013*

In millions of euros	Recognised in the balance sheet at amortised cost	Recognised at fair value through profit or loss trading	Recognised at fair value through profit or loss other than trading	Available for sale	Total
Debt securities	-	0.1	21,767.2	3,292.8	25,060.1
Equity securities	-	0.8	1,109.0	2,190.0	3,299.8
Derivatives	-	1,172.4	0.6	-	1,173.0
Loans at fair value through profit or loss (FVTPL)	-	-	5,784.0	-	5,784.0
Loans and receivables at amortised cost	13,254.6	-	-	-	13,254.6
Total	**13,254.6**	**1,173.3**	**28,660.8**	**5,482.8**	**48,571.5**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'

Derivatives for own risk

In millions of euros	Contract / notional amount 30 June 2014	Fair value asset 30 June 2014	Fair value liability 30 June 2014	Contract / notional amount 31 December 2013	Fair value asset 31 December 2013*	Fair value liability 31 December 2013*
Foreign exchange contracts						
OTC						
Forwards	6,808.8	16.3	17.1	7,151.9	74.9	44.1
Currency swaps	-	144.2	-	-	136.1	151.6
Total foreign exchange contracts	**6,808.8**	**160.5**	**17.1**	**7,151.9**	**211.0**	**195.6**
Interest rate contracts						
OTC						
Interest rate and currency swaps held for fair value hedge accounting	1,684.0	-	151.7	1,644.2	1.3	103.2
Interest rate and currency swaps not held for fair value hedge accounting	19,814.9	1,192.5	525.7	22,531.3	748.5	731.2
Swaptions	3,700.0	168.9	-	4,400.0	180.3	-
Exchange traded						
Futures	1,071.6	-	-	2,059.5	-	-
Swaptions	550.0	-	-	550.0	0.2	-
Total interest rate contracts	**26,820.6**	**1,361.3**	**677.4**	**31,185.0**	**930.3**	**834.4**
Equity/index contracts						
OTC						
Options	3,673.7	10.8	378.7	3,678.5	25.8	316.9
Exchange traded						
Futures	0.2	-	-	0.2	-	-
Options	224.9	0.2	-	224.9	2.4	-
Total equity/index contracts	**3,898.8**	**11.0**	**378.7**	**3,903.6**	**28.1**	**316.9**
Credit default swaps	**898.8**	**19.9**	**15.3**	**826.9**	**3.6**	**10.3**
Total	**38,427.1**	**1,552.7**	**1,088.5**	**43,067.4**	**1,173.0**	**1,357.2**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'

Accumulated impairment of debt securities available for sale

In millions of euros	30 June 2014	31 December 2013
At 1 January	**28.2**	**23.6**
Impairment charges during the period	-	7.4
Reversal of impairment charges during the period	-0.3	-0.3
Disposals	-	-2.4
Total	**28.0**	**28.2**

Accumulated impairment of equity securities available for sale

In millions of euros	30 June 2014	31 December 2013*
At 1 January	**1,009.7**	**1,176.3**
Impairment charges during the period	15.4	60.1
Disposals	-91.5	-226.8
Total	**933.7**	**1,009.7**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'

Accumulated impairment of loans and receivables at amortised cost		
In millions of euros	30 June 2014	31 December 2013
At 1 January	**74.3**	**112.5**
Impairment charges during the period	15.3	25.9
Reversal of impairment charges during the period	-4.3	-9.8
Irrecoverable	-	0.2
Disposals	-1.5	-6.0
Transfer to assets held for sale	-	-48.5
Total	**83.7**	**74.3**

2.9.2. Investments at policyholders' risk

Carrying value of financial investments related to unit-linked liabilities		
In millions of euros	30 June 2014	31 December 2013*
Debt securities	4,137.8	2,759.1
Equity securities	8,563.1	9,815.4
Derivatives	178.7	120.5
Receivables and other financial assets	235.8	121.0
Prepayment and accrued income	49.8	2.5
Cash and cash equivalents	161.7	27.5
Total	**13,326.9**	**12,846.0**
The associated liabilities are:		
Unit-linked contracts classified as insurance contracts	12,908.7	12,314.2
Unit-linked contracts classified as investment contracts	575.5	523.3
Derivatives liabilities	3.2	11.4
Total	**13,487.3**	**12,849.0**

* Restated, see section 2.6.2. 'Financial impact of changes in accounting policies'

2.9.3. Third party interests in consolidated investments funds

Carrying value of financial investments for third party interests in consolidated investment funds*		
In millions of euros	30 June 2014	31 December 2013
Debt securities	2,088.5	2,322.8
Equity securities	2,121.2	2,170.1
Derivatives assets	2.7	12.5
Receivables and other financial assets	42.7	4.4
Prepayment and accrued income	27.1	39.0
Cash and cash equivalents	87.5	122.2
Derivatives liabilities	-1.9	-1.6
Other liabilities	-23.4	-19.7
Total	**4,344.5**	**4,649.7**
The associated liabilities are:		
Third party interests in consolidated investment funds	4,344.5	4,649.7
Total	**4,344.5**	**4,649.7**

* See section 2.6.2. 'Financial impact of changes in accounting policies'

2.9.4. Insurance liabilities

Insurance liabilities at 30 June 2014			
In millions of euros	Life	General	Total
Discretionary participating contracts	7,878.0	-	7,878.0
Non-discretionary participating contracts	4,059.0	-	4,059.0
Unit-linked non-participating contracts	12,908.7	-	12,908.7
Other non-participating contracts	20,021.7	-	20,021.7
Outstanding claims provisions	-	1,345.6	1,345.6
Provision for claims handling expenses	-	60.6	60.6
Provision for claims incurred but not reported	-	549.4	549.4
Provision for unearned premiums	-	348.0	348.0
Provision for unexpired risks	-	14.0	14.0
Total	**44,867.4**	**2,317.4**	**47,184.8**

Insurance liabilities at 31 December 2013			
In millions of euros	Life	General	Total
Discretionary participating contracts	7,488.5	-	7,488.5
Non-discretionary participating contracts	3,864.8	0.1	3,864.8
Unit-linked non-participating contracts	12,314.2	-	12,314.2
Other non-participating contracts	18,394.4	-	18,394.4
Outstanding claims provisions	-	1,376.9	1,376.9
Provision for claims handling expenses	-	58.8	58.8
Provision for claims incurred but not reported	-	559.2	559.2
Provision for unearned premiums	-	257.5	257.5
Provision for unexpired risks	-	26.3	26.3
Total	**42,062.0**	**2,278.8**	**44,340.7**

Statement of changes in life insurance business provisions		
In millions of euros	**30 June 2014**	**31 December 2013**
At 1 January	**42,062.0**	**42,423.4**
Provisions in respect of new business	434.4	1,635.5
Expected change in existing business provisions	-369.9	-1,273.9
Movement in longevity provision	220.9	-7.2
Variance between actual and expected experience	225.6	301.5
Effect of operating assumption changes	0.1	-70.7
Effect of economic assumption changes	2,218.5	-855.2
Other movements recognised as expense	-0.3	-53.8
Change in liability recognised as expense	**2,729.2**	**-323.8**
Other movements not recognised as expense	76.2	-42.1
Reclassified as liabilities relating to assets held for sale	-	4.5
Total	**44,867.4**	**42,062.0**

The change in expected change in existing business provisions and the variance between actual and expected experience relate mainly to the claims, interest and portfolio developments.

The changes in economic assumptions are mainly a result of market interest rate movements reflected in the Collateralised AAA curve on which many of the provisions are based. The related effect of changes in market interest rates increased insurance provisions by € 2,251.1 million (year end 2013: € 626.5 million decrease). Part of this effect, € 188.7 million, is included in the increase of the longevity provision. Other changes in economic assumptions relate to the increase of the inflation provision and the guarantee provision.

Other movements not recognised as expense of € 76.2 million (year end 2013: € -42.1 million) relate mainly to profit sharing in Germany of € 56.2 million (year end 2013: € -42.1 million).

Statement of changes in claims provisions*

In millions of euros	30 June 2014	31 December 2013
At 1 January	**1,994.9**	**1,939.7**
Effect of changes in operational assumptions	-	3.6
Effect of changes in economic assumptions	29.8	-3.4
Claim losses and expenses incurred in the current year	404.7	1,024.0
Movement in anticipated claim losses and expenses incurred in prior years	32.9	8.7
Incurred claims losses and expenses	**467.4**	**1,032.9**
Payments made on claims incurred in the current year	-147.4	-443.9
Payments made on claims incurred in prior years	-358.3	-563.0
Recoveries on claim payments	5.1	13.2
Claims payments made in the year, net of recoveries	**-500.6**	**-993.7**
Increase in provision due to passage of time	8.7	16.1
Movement in claims provision recognised as expense	**-24.5**	**55.2**
Other gross movements	-14.9	-
Total	**1,955.5**	**1,994.9**

* Excluding provisions for unearned premiums and provisions for unexpired risk

The effect of changes in economic assumptions of € 29.8 million is mainly due to the decrease in market interest rates.

Claim losses and expenses incurred in the current year reduced in comparison to the movement of the first half year of 2013, which was mainly due to the run-off of the international marine business.

The additional provision for anticipated claim losses and expenses incurred in prior years is mainly due to a delay in reporting in the co-insurance business and unfavourable claim developments.

2.9.5. Reinsurance assets

Reinsured share in provisions at 30 June 2014

In millions of euros	30 June 2014	31 December 2013
Life	440.2	441.4
General	268.4	112.7
Total	**708.7**	**554.0**

The reinsured share in provision within the General Insurance segment increased by € 155.8 million, which is mainly the result of a new reinsurance contract that fully reinsures the international marine business. The reserving risk of the international marine business is transferred from 1 January 2014 onwards.

2.9.6. Pension obligations

The pension obligations increased during the first half year of 2014 from € 2,030.4 million at year end 2013 to € 2,314.2 million. This is mainly due to the lower discount rate for half-year 2014 compared to 2013. The current IFRS coverage ratio, calculated as investments divided by defined benefit obligation, is 116% (year end 2013: 121%).

Changes in other comprehensive income for the first half year

In millions of euros	2014	2013
Actuarial gains and (losses) on pension obligations due to changes in financial assumptions (mainly discount rate change)	-286.7	168.2
Actuarial gains and (losses) on pension obligations due to adjustment for funding agreement	48.3	-67.4
Actuarial gains and (losses) on pension obligations due to experience adjustments	6.7	-
Actuarial gains and (losses) on pension assets	10.7	2.3
Actuarial gains and (losses) on change in asset limit	-	-0.4
Total changes in other comprehensive income	**-221.0**	**102.6**

Part of the actuarial gains and losses at Delta Lloyd Germany, a loss of € 3.8 million (first half year 2013: € 2.8 million), is allocated to the German policyholder.

Pension expenses for the first half year

In millions of euros	2014	2013
Service cost	27.9	31.2
Net interest expense	37.3	34.1
Pension expense for defined benefit plans	**65.3**	**65.3**
Pension expense for defined contribution plans	0.7	0.8
Total pension expense recognised in the income statement	**66.0**	**66.1**
Investment (income)/expense	-234.9	89.9
Total pension result recognised in the income statement	**-168.8**	**155.9**
Actuarial (gains) and losses recognised in OCI	221.0	-102.6
Net pension result	**52.2**	**53.3**

Sensitivity analysis of defined benefit obligations

In millions of euros	30 June 2014	31 December 2013
Interest rate risk +25 bps	80.4	67.4
Interest rate risk -25 bps	-80.4	-67.4
Value of equity shares +10%	-53.4	-46.8
Value of equity shares -10%	53.4	46.8

2.9.7. Borrowings

Subordinated loans
Delta Lloyd placed a new € 750.0 million fixed-to-floating-rate subordinated note transaction at a coupon of 4.375%. The subordinated perpetual notes, which were sold to a wide range of international institutional investors, can be redeemed at Delta Lloyd's option from 13 June 2024 onwards. Delta Lloyd settled the offering on 13 June 2014. The notes are admitted for trading on Euronext following the settlement.

The notes were issued under the existing Delta Lloyd EMTN programme. The notes qualify as Upper Tier 2 capital for Delta Lloyd under IGD. Standard & Poor's Ratings Services has assigned a BBB-rating to the notes.

A subordinated loan of € 100.0 million was repaid to Rabobank Nederland on 30 June 2014. The early redemption penalty of € 32.2 million was charged to the income statement. This was mainly due to the fact that the remaining contract period was five years and the paid interest rate was 10.44%.

Securitised mortgage loan notes
In the first half year of 2014, DARTS 2004-I notes were repaid for an amount of € 441.3 million. Other securitised mortgage loan notes were redeemed for a total amount of € 126.7 million.

In addition, new loans at fair value were issued at Amstelhuys under the name of iArena BV (iArena) for an amount of € 352.7 million. The € 320 million Class A1 Notes (rated A (sf) by DBRS) have a weighted average life of 10 years priced at 3.35%. Notes issued by the consolidated securitisation vehicles that are internally held by Delta Lloyd are eliminated in the consolidated financial statements.

2.9.8. Fair value of financial assets and liabilities

The tables below show financial assets including investment property and financial liabilities measured at fair value and the total carrying value to maintain the link with the relevant statement of financial position items.

The fair value of assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under the current market conditions. The way the fair value is established for each statement of financial position category is set out below.

Financial assets including investment property
Property and equipment, investment property and inventory of real estate projects
The fair value is assessed by qualified external appraisers, in compliance with international valuation standards published by the International Valuation Standards Committee and/or the regulations and standards in the RICS valuation standards prescribed by the Royal Institution of Chartered Surveyors.

Desktop appraisals are performed every half year and full appraisals are carried out every three years. However, given the current market circumstances, all investment properties had a full external appraisal at the end of 2013. Each appraisal is independently executed by two external appraisers. The main assumptions used in property appraisals are the current leases discounted by the gross initial yield. Also taken into account as assumptions are the best estimates of future renovations and maintenance and probability of vacancy, future rent discount and re-letting expectations.

The investment property of the German portfolio and the Dutch residential portfolio are recognised under fair value level 2 because the property appraisals are based on observable data in active markets.

The fair value of equipment is not materially different from the carrying value. The carrying value is determined by historical cost less accumulated depreciation and impairment.

Financial instruments (debt securities, equity securities and derivatives)
Quoted prices in an active market ('unadjusted, market observable prices') are sought first. If such prices are not available or if there is no active market, financial instruments are measured using input available in the market other than market prices: measurement derived from pricing. If no direct external or derived market prices are available, Delta Lloyd uses brokers' quotes. This category includes measurement based on Delta Lloyd's own measurement models (for derivative financial instruments) and statements from fund managers (for private equity investments).

Loans at fair value through profit or loss and Loans and receivables at amortised cost
The fair value of loans (including mortgages) and receivables is estimated by comparing discounted future cash flows using market interest rates at the date the loan was granted against current market interest rates for similar loans and advances at the reporting date. The measurement model takes into account observable as well as non-observable inputs. As far as possible, the input for the model uses observable market data rather than unobservable data. With regard to the mortgage portfolio, observable inputs used are risk free interest rates (swap) and illiquidity/funding spreads (RMBS spreads). Non-observable inputs includes servicing cost, early repayment probabilities and credit spreads. Mortgages are classified as level 2, since the impact of the non-observable inputs on the fair value measurement is determined to be not significant (less than 10% of the fair value measurement).

The loans included in each of the two different categories have similar characteristics. Therefore no separate categories are presented.

Receivables, other financial assets and cash and cash equivalents
The carrying value of receivables and other financial assets is regarded as a good approximation of the fair value, as these assets have a short term nature.

Financial liabilities
Liabilities for investment contracts
The fair value of the provision for non-participating investment contracts is initially established through the use of prospective discounted cash flow techniques. For unit-linked contracts, the value of the liability equals the fair unit-fund value, plus additional provisions for guaranteed returns, if

required. The fair value of discretionary participating investment contracts is the same as that for life insurance contracts.

Financial instruments (subordinated loans, medium-term notes, commercial paper, convertible loans)
The fair value of financial instruments is estimated by discounting future cash flows using the discount rate applicable for similar financial instruments at the reporting date.

Securitised mortgages loan notes
If the securitised mortgages loan notes are actively traded on the market the quoted prices are used. If this is not the case, fair value is calculated by discounting the expected cash flows at the market interest rates.

Amounts owed to credit institutions
The fair value of amounts owed to credit institutions is not materially different from the carrying value.

Other borrowings and other financial liabilities
The carrying value of other borrowings and other financial liabilities is regarded as a good approximation of the fair value.

These financial instruments are categorised according to the following fair value hierarchy. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period:

Published prices in active markets ('Level 1')
Fair value measured at level 1 only uses quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is one in which transactions take place with sufficient frequency and volume so that prices are regularly available. Examples are equity securities, bonds and investment funds listed on active markets.

Measurement method based on significant observable market inputs ('Level 2')
Fair value measured at level 2 uses inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. If an asset or liability has a given contractual term, a level 2 input variable must be observable for practically the full term of that asset or liability. Level 2 involves the following input variables:

- Quoted prices for similar (i.e. not identical) assets/liabilities in active markets;
- Input variables other than quoted prices observable for the asset (for example, interest rates and yield curves observable at customary intervals, volatility, early redemption spreads, loss ratio, credit risks and default percentages);
- Input variables arising mainly from or confirmed by observable market data by correlation or other means (market-confirmed inputs).

Examples of assets or liabilities at level 2 are financial instruments measured using discounted cash flow models. These are based on observable market swap yields (such as securitised mortgages or private interest rate derivatives), on investment property measured using observable market data and quoted debt instruments or equity securities in a non-active market.

Measurement method not based on significant observable market inputs ('Level 3')
Fair value measured at level 3 uses inputs for the asset or liability that are not based on observable market data. Unobservable inputs can be used if observable inputs are not available, and so fair value can still be measured at the reporting date in situations in which there is no or almost no active market for the asset or liability. For private equity investments and private placements external broker quotes are used when the market is no longer transparent and/or liquid. These broker quotes are challenged twice a year by obtaining quotes from other brokers as well. The value of Delta Lloyd's own broker is leading, but when the difference between the brokers is significant additional information is obtained and a best estimate is made based on all available information. Investment property is reported under level 3 if there is no active market.

A small percentage of the total assets are measured at fair value based on estimates and recorded as level 3.

Assets at 30 June 2014					
In millions of euros	Carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	104.2	139.6	-	139.6	-
Investment property	2,133.4	2,133.4	-	1,447.9	685.5
Debt securities	27,225.2	27,225.2	26,971.8	223.3	30.2
Equity securities	3,424.7	3,424.7	1,575.2	864.5	984.9
Derivatives	1,552.7	1,552.7	4.7	1,548.0	-
Loans at fair value through profit or loss	5,816.2	5,816.2	-	5,816.2	-
Loans and receivables at amortised cost	12,009.7	13,360.9	-	13,360.9	-
Receivables and other financial assets	1,609.2	1,609.2	-	1,609.2	-
Cash and cash equivalent	2,370.0	2,370.0	2,370.0	-	-
Assets held for sale	6,572.5	6,983.5	1,477.0	5,491.4	15.1
Total assets for own risk	**62,817.7**	**64,615.3**	**32,398.7**	**30,501.0**	**1,715.6**
Investments at policyholders' risk	13,326.9	13,326.9	12,304.8	950.0	72.0
Third party interests in consolidated investment funds	4,344.5	4,344.5	4,197.1	145.4	1.9
Total	**80,489.1**	**82,286.6**	**48,900.6**	**31,596.4**	**1,789.6**

Assets at 31 December 2013

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	105.8	144.0	-	144.0	-
Investment property	2,181.2	2,181.2	-	1,519.7	661.5
Debt securities	25,060.1	25,060.1	24,844.9	184.1	31.1
Equity securities	3,299.8	3,299.8	1,738.1	593.8	968.0
Derivatives	1,173.0	1,173.0	25.8	1,147.2	-
Loans at fair value through profit or loss	5,784.0	5,784.0	-	5,784.0	-
Loans and receivables at amortised cost	12,194.4	13,254.6	-	13,254.6	-
Receivables and other financial assets	1,955.8	1,955.9	0.5	1,955.4	-
Cash and cash equivalent	1,146.6	1,146.6	1,146.6	-	-
Assets held for sale	6,627.5	6,999.7	1,486.0	5,498.6	15.1
Total assets for own risk	**59,528.3**	**60,998.9**	**29,241.9**	**30,081.3**	**1,675.7**
Investments at policyholders' risk	12,846.0	12,845.5	7,984.1	4,788.8	72.5
Third party interests in investment funds	4,649.7	4,649.7	4,649.7	-	-
Total	**77,024.0**	**78,494.1**	**41,875.8**	**34,870.2**	**1,748.1**

Financial liabilities at 30 June 2014

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Liabilities for investment contracts					
Liabilities for investment contracts designated at fair value	4,703.6	4,703.3	453.4	4,249.8	-
Liabilities for investment contracts designated at amortised cost	493.8	540.2	-	540.2	-
Total liabilities for investment contracts	**5,197.4**	**5,243.5**	**453.4**	**4,790.0**	**-**
Subordinated debt	**1,329.8**	**1,693.7**	**1,414.9**	**278.7**	**-**
Securitised mortgages loan notes					
Securitised mortgages loan notes designated at fair value	1,624.2	2,192.8	767.7	1,425.2	-
Securitised mortgages loan notes designated at amortised cost	1,732.2	1,794.2	1,789.5	4.7	-
Total securitised mortgages loan notes	**3,356.5**	**3,987.0**	**2,557.2**	**1,429.9**	**-**
Amounts owed to credit institutions	57.8	57.9	-	57.9	-
Medium-term note	572.7	630.2	630.2	-	-
Commercial paper	177.6	177.6	177.6	-	-
Convertible loan	2.0	0.8	-	0.8	-
Total other borrowings	**810.1**	**866.5**	**807.8**	**58.8**	**-**
Derivatives	**1,088.5**	**1,088.5**	**-**	**1,088.5**	**-**
Other financial liabilities	**5,416.2**	**5,617.6**	**2,485.4**	**3,132.2**	**-**
Liabilities held for sale	**6,149.1**	**6,239.7**	**909.5**	**5,330.2**	**-**
Total financial liabilities for own risk	**23,347.5**	**24,736.6**	**8,628.2**	**16,108.3**	**-**
Investments at policyholders' risk	**3.2**	**3.2**	**-**	**3.2**	**-**
Third party interests in consolidated investment funds	**4,344.5**	**4,356.6**	**-**	**4,356.6**	**-**
Total	**27,695.3**	**29,096.4**	**8,628.2**	**20,468.1**	**-**

Financial liabilities at 31 December 2013

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Liabilities for investment contracts					
Liabilities for investment contracts designated at fair value	4,322.7	4,322.7	435.4	3,887.3	-
Liabilities for investment contracts designated at amortised cost	494.3	534.7	-	534.6	-
Total liabilities for investment contracts	**4,817.0**	**4,857.3**	**435.4**	**4,421.9**	**-**
Subordinated debt	**682.3**	**936.0**	**607.0**	**329.1**	**-**
Securitised mortgages loan notes					
Securitised mortgages loan notes designated at fair value	2,123.8	2,200.3	796.3	1,403.9	-
Securitised mortgages loan notes designated at amortised cost	1,790.4	1,802.5	1,802.5	-	-
Total securitised mortgages loan notes	**3,914.2**	**4,002.8**	**2,598.9**	**1,403.9**	**-**
Amounts owed to credit institutions	62.6	62.9	-	62.9	-
Medium-term note	572.4	620.0	620.0	-	-
Commercial paper	94.9	94.9	94.9	-	-
Convertible loan	2.0	0.8	-	0.8	-
Other borrowings	-	-	-	-	-
Total other borrowings	**731.9**	**778.6**	**715.0**	**63.7**	**-**
Derivatives	**1,357.2**	**1,357.1**	**-**	**1,357.1**	**-**
Other financial liabilities	**5,364.0**	**5,471.9**	**1,755.9**	**3,716.0**	**-**
Liabilties held for sale	**6,027.1**	**6,414.5**	**925.7**	**5,488.7**	**-**
Total financial liabilities for own risk	**22,893.7**	**23,818.2**	**7,037.9**	**16,780.3**	**-**
Investments at policyholders' risk	**11.4**	**11.4**	**-**	**11.4**	**-**
Third party interests in consolidated investment funds	**4,649.7**	**4,649.7**	**-**	**4,649.7**	**-**
Total	**27,554.8**	**28,479.4**	**7,037.9**	**21,441.5**	**-**

The assets held for sale and liabilities held for sale as disclosed in the tables above contain only those items as required by IFRS 13. These amounts can differ from the assets held for sale and liabilities held for sale on the balance sheet.

Statement of changes in (financial) instruments within level 3 at 30 June 2014

In millions of euros	Investment property	Equity securities	Debt securities	Invest-ments at policy-holders' risk	Liabilities for investment contracts designated at fair value	Total
At 1 January	**661.5**	**968.0**	**31.1**	**72.5**	**-**	**1,733.1**
Additions	10.3	41.1	2.0	6.2	-	59.6
Disposals	-2.1	-52.9	-0.1	-5.9	-	-61.1
Changes in fair value recognised through equity	-2.6	33.0	1.3	-	-	31.7
Changes in fair value recognised through profit and loss	18.3	-4.1	0.6	-0.8	-	14.1
Transfer out of level 3	-	-	-2.9	-	-	-2.9
Exchange rate adjustments	-	-	-	-	-	-
At 30 June 2014	**685.5**	**985.1**	**31.9**	**71.9**	**-**	**1,774.5**

Statement of changes in (financial) instruments within level 3 at 31 December 2013

In millions of euros	Investment property	Equity securities	Debt securities	Invest-ments at policy-holders' risk	Liabilities for investment contracts designated at fair value	Total
At 1 January	**-**	**1,085.7**	**54.6**	**66.8**	**-**	**1,207.1**
Additions	-	35.0	0.4	-	-	35.4
Disposals	-	-115.5	-10.8	-6.3	-	-132.6
Changes in fair value recognised through equity	-	-23.4	0.1	-	-	-23.2
Changes in fair value recognised through profit and loss	-	-16.0	-31.8	-2.3	-	-50.1
Transfer into level 3	661.5	2.2	18.9	14.3	-	697.0
Transfer out of level 3	-	-	-0.4	-	-	-0.4
At 31 December 2013	**661.5**	**968.0**	**31.1**	**72.5**	**-**	**1,733.1**

There were no transfers from level 1 into level 2 (2013: € 20.3 million) nor transfers from level 2 into level 1 (2013: € 489.4 million). The transfers from level 2 into level 1 in prior year regards several debt securities from which the frequency and volume have increased sufficiently in the market for the quoted price.

In 2014, there were no transfers from level 1 into level 3 (2013: nil) nor transfers from level 2 into level 3 (2013: € 697.0 million). The transfer for an amount of € 661.5 million in prior year from level 2 into level 3 regards investment property portfolios in the Dutch and Belgium market except residential portfolios, due to lack of market transactions.

Furthermore, the transfer from level 3 into level 2 amounts to € 2.9 million (2013: nil). This regards debt securities at DL Bank Nederland.

The total accumulated unrealised gains and losses on level 3 investments recognised in the income statement, amounting to € 14.1 million (2013: € -22.5 million) is comprised of gains or losses on debt securities, equity securities and financial assets at policyholders' risk. These gains and losses are presented as line item 'investment income' in the consolidated income statement.

The total accumulated unrealised revaluation of the investments on level 3 investments, amounting to € 31.7 million (2013: € 177.8 million) through comprehensive income, is comprised of gains or losses on debt securities and equity held as available for sale. These gains and losses are recognised in the 'revaluation reserve' in the consolidated statement of comprehensive income. The realised gains or losses are transferred to income statement and presented as line 'realised gains and losses on investments classified as available for sale'. The accumulated impairment of investments on level 3 was € 237.2 (2013: € 229.0 million). The impairment on the investments held as available for sale in 2014 is € 8.2 (2013: € 36.6 million).

The sensitivity analysis on level 3 line items has not materially changed compared to year end 2013.

2.10. Subsequent events

In 2010 BeFrank was founded as a joint venture between Delta Lloyd and BinckBank. On 18 July 2014 Delta Lloyd reached an agreement with BinckBank on the acquisition of all the shares that BinckBank holds in BeFrank. The price amounts to € 19.5 million. BeFrank will continue to use BinckBank's platform for its services.

3. Review report

To the Shareholders, the Supervisory Board and the Executive Board of Delta Lloyd NV

Introduction
We have reviewed the accompanying condensed consolidated interim financial report of Delta Lloyd NV, Amsterdam, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' funds, the consolidated cash flow statement for the six-month period ended 30 June 2014, and the notes. Management is responsible for the preparation and presentation of this condensed consolidated financial report in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial report based on our review.

Scope of review
We conducted our review in accordance with Dutch law including Standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial report for the six-month period ended 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 6 August 2014

Ernst & Young Accountants LLP

Signed by M. Koning

4. Disclaimer

Certain statements in this interim financial report 2014 that are not historical information are ‘forward-looking statements’. These forward-looking statements are based on management’s understanding and assumptions and on information currently available to them. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Delta Lloyd’s control and all of which are based on management’s current understanding and expectations about future events.

Forward-looking statements involve inherent risks and uncertainties and apply only on the date they were made. Delta Lloyd does not undertake to update any of the forward-looking statements in light of new information or future events, except to the extent required by law. A number of significant factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing Delta Lloyd. Such risks, uncertainties and other significant factors include: (i) changes in the financial markets and general economic conditions, (ii) changes in competition from local, national and international companies, new entrants in the market and self-insurance and changes to the competitive landscape in which Delta Lloyd operates, (iii) the adoption of new, or changes to, existing laws and regulations such as Solvency II, (iv) catastrophes and terrorist-related events, (v) default by third parties owing money, securities or other assets on their financial obligations, (vi) equity market losses, (vii) long and/or short-term interest rate volatility, (viii) illiquidity of certain investment assets, (ix) flaws in underwriting assumptions, pricing and/or claims reserves, (x) the termination of or changes to relationships with principal intermediaries or partnerships, (xi) the unavailability and unaffordability of reinsurance, (xii) flaws in Delta Lloyd’s underwriting, operating controls or IT systems, or a failure to prevent fraud, (xiii) a downgrade (or potential downgrade) of Delta Lloyd’s credit ratings and (xiv) the outcome of pending, threatened or future litigation or investigations. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, Delta Lloyd’s actual financial condition or results of operations could differ materially from those described herein as ‘anticipated’, ‘believed’, ‘estimated’ or ‘expected’.

Please refer to the 2013 Annual Report for a description of factors, risks and uncertainties that could affect the business of Delta Lloyd.

The figures and tables in this interim financial report 2014 are unaudited but have been reviewed by the auditor.