

## Delta Lloyd rejects NN Group's takeover proposal

Delta Lloyd N.V. (hereafter "Delta Lloyd" or the "Company") notes the announcement made by NN Group N.V. ("NN Group") on 5 October 2016 and confirms that it received an unsolicited and conditional proposal from NN Group on 2 October 2016 regarding a possible cash offer for Delta Lloyd at a price of €5.30 per ordinary share.

The Executive Board and Supervisory Board (together, the "Boards") of Delta Lloyd have carefully reviewed and considered NN Group's proposal.

The Boards believe that Delta Lloyd is a strong business with a compelling strategy and a clear path to value creation on which it is showing good progress.

Consistent with their fiduciary responsibilities, the Boards of Delta Lloyd are not opposed to transactions that would create compelling value for shareholders and deliver benefits to other stakeholders.

**The Boards are of the opinion that the financial terms and conditions set out in NN Group's proposal do not form an acceptable basis for such a transaction. Accordingly they reject NN Group's proposal.**

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

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

- **The proposal substantially undervalues Delta Lloyd, its prospects and its strategic opportunities**

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

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<sup>1</sup> IBES Consensus 2017 dividend estimate of €0.295 per share as of 4 October 2016

- The timing is opportunistic in light of Delta Lloyd's progress on its strategy**

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

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

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

- Delta Lloyd has made substantial progress during 2016 on its capital plan**

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

Delta Lloyd has a clear plan to improve its life new business margins and P&C combined ratio, to improve strategic asset allocation, to reduce financing costs following deleveraging and to implement its announced cost saving targets of c.€60m by 2018. These measures together will mitigate the adverse impact of current low interest rates on capital generation. Delta Lloyd remains committed to its capital generation target of €200-250m per annum over time and its target dividend of €130m for 2016; and
- Upside from realising the value of Delta Lloyd's customer franchise for stakeholders**

Delta Lloyd serves 4.2 million customers across the Netherlands and Belgium through our strong multichannel platform, with leading positions in attractive capital light segments of the life market such as defined contribution pensions and protection. Delta Lloyd is a leader in IFA and customer satisfaction and has a consistent track record of effective cost management. In the context of the developing Dutch long term savings market, this franchise is particularly well positioned for the future to drive value upside for shareholders and other stakeholders.

A copy of this announcement will be on our website [www.deltalloyd.com](http://www.deltalloyd.com).

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

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**About Delta Lloyd NV**

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