

**PRESS RELEASE**

Corporate Communications

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Amsterdam, 9 August 2006

DECISION TO OPT FOR SUSTAINABLE GROWTH PAYS OFF

**DELTA LLOYD GROUP PROFIT DOUBLES YET AGAIN**

**Financial**

- Result before taxation doubles to € 474 million, the result after taxation doubles to € 378 million, partly due to rising long-term interest rates.
- Gross premium income stable at over € 3 billion.
- Group solvency further improved to 271% (+ 64pp).

**Operational**

- Margin on new life business rises through focus on profitable growth.
- COR on general insurance operations continues to improve, falling to under 90%.
- Net new assets of Delta Lloyd mutual funds grow substantially to € 609 million, particularly thanks to the successful distribution through the banking channel.

**Strategic**

- Health strategy takes further shape through announced collaboration between the health insurers of Delta Lloyd Group, Agis and Menzis.
- Distribution power strengthened by rebranding of German activities in Delta Lloyd Leben.

**Niek Hoek, Executive Board chairman of Delta Lloyd Group:**

'The results of the first six months of 2006 clearly show that our strategy is paying off. The focus on profitability is helping to increase margins, and our programmes to promote customer loyalty are proving effective. Our prudence in the previous financial year helped to boost profit in the period under review. Nor are we losing sight of the need for commercial strength: the collaboration with banks such as ABN AMRO Bank and Rabobank in the sale of mutual funds is producing good results.'

**Delta Lloyd Group key figures<sup>1</sup>**

*(in millions of euros)*

	Half-year 2006	Half-year 2005	Change
<b>Result before taxation</b>	<b>474</b>	<b>238</b>	<b>99%</b>
<b>Net result after taxation</b>	<b>378</b>	<b>189</b>	<b>100%</b>
<b>Gross premium income</b>	<b>3,164</b>	<b>3,260</b>	<b>-3%</b>
<i>- of which gross premium income Netherlands</i>	<i>2,812</i>	<i>2,756</i>	<i>2%</i>
<b>Shareholders' equity</b>	<b>3,852</b>	<b>3,145</b>	<b>22%</b>
<b>Solvency</b>	<b>271</b>	<b>207%</b>	<b>64pp</b>

<sup>1</sup> Including Delta Lloyd Insurance, OHRA Insurance, ABN AMRO Insurance, Delta Lloyd Banking, Delta Lloyd Asset Management, Delta Lloyd Life Belgium and Delta Lloyd Germany.

## Delta Lloyd Group in the first six months of 2006

### Strategy

Measures to tighten 'The Future Secured' strategy were prepared during the first half of 2006. On the basis of the scenarios about the world in 2020 the present trends were assessed in the light of our strategic goals during workshops. This will help us adjust our strategy to take particular account of innovation and expertise.

The Future Secured strategy consists of five strategic pillars: efficiency, reputation, distribution power, expertise and core values.

**Efficiency** and scale are essential for the Group. Good progress continues to be made towards our vision of shared service centres. The contours of a modified organisational model are now becoming clear and will result in a definite proposal in the second half of this year. The necessary scale in Health is within reach through the announced collaboration between the Group and health insurers Agis and Menzis.

The **reputation** of the Group has been enhanced by its successful participation in the Volvo Ocean Race, the most extreme sailing race around the world. As partner of TEAM ABN AMRO the Group had the opportunity to share the experience of the race with both customers and staff and thus to underline our cooperation with ABN AMRO Bank. Together with the Erasmus University Rotterdam the Group has established a reputation management programme designed to monitor and develop its reputation with internal and external stakeholders.

The **distribution power** of the Group will be boosted by the fact that the Delta Lloyd brand is replacing Berlinische Leben in the German market. In addition, the focus on core activities and markets has led to the sale of Bank Nagelmackers in Luxembourg. The distribution of mutual funds through third parties has proved to be a major success.

As regards **expertise** the emphasis this year is on the programme of Group-wide training sessions to increase the commercial skills, external focus and customer focus of all staff. The annual employee satisfaction survey was held for the first time in Belgium and Germany as well. The survey shows that 80% of our employees are guided by our **core values** in their work.

### Income and result

The Group's gross premium income remained stable at € 3.2 billion. The banking and investment operations reported rising income. In particular, the sale of mutual funds through banks and the influx of funds from institutional investors increased sharply. The disappointing sale of mortgages depressed property-related insurance sales of Life and General. Nonetheless, gross premium income is expected to rise across the board in 2006 in comparison with 2005. The focus on sustainable growth is bearing fruit. The profitability of new life business (new business margin) has improved further to 1.1%.

Investment income was sharply lower than last year: € 270 million in the first half of 2006 compared with € 1,926 million in the same period in 2005. The higher long-term interest rates (10-year rate up to 4.05%) are causing a sharp decline in the value of fixed-income investments. However, the impact on results has been limited because Delta Lloyd Group now values both its fixed-income investments (assets) and the provision for life insurance liabilities (liabilities) at market interest rates. As a result, the Group's liabilities are also lower.

Delta Lloyd Group has given priority in its financial policy to securing the future of its customers. As a result of the measures taken in 2005, as described above, it has managed to control the risks of interest rate fluctuations<sup>2</sup>.

The result before taxation for the first six months of 2006 doubled to € 474 million. Major contributing factors were the release of provisions for guaranteed return products on account of the higher market interest rates and the improvement in General's COR (Combined Operating Ratio), which fell to under 90%.

### Equity and solvency

Developments on the stock market and the increase in interest rates directly impacted the equity of Delta Lloyd Group. Shareholders' equity rose by € 3,9 billion in comparison with the 2005 first half. The Group's solvency rose to 271%, an improvement of 64 percentage points compared to the same period in 2005. The solvency of the Dutch insurance operations increased to 331%, a rise of 52% in comparison with the first half year of 2005.

The BIS ratio of Delta Lloyd Banking fell from 11.2% in the first half of 2005 to 10.9%, as a consequence of the more effective allocation of capital. The Bank's policy is to reduce the ratio to 10%, in keeping with the lower risk profile. Standard & Poor's AA (stable outlook) credit rating remained unchanged in the first half of 2006.

## Results by business segment

### 1. Insurance operations

#### Insurance operations

(in millions of euros)

	Half-year 2006	Half-year 2005	Change
<b>Gross written premiums</b>	<b>3,164</b>	<b>3,260</b>	<b>-3%</b>
Netherlands	2,182	2,756	2%
Germany	232	280	-17%
Belgium	120	181	-34%
Other/ eliminations	-	43	n.m.
<b>Result before taxation</b>	<b>424</b>	<b>214</b>	<b>98%</b>

<sup>2</sup> See the Delta Lloyd Group annual results 2005 press release on [www.deltalloydgroup.com](http://www.deltalloydgroup.com) for further details

## 1.1 Life

### Life operations

<i>(in millions of euros)</i>	Half-year 2006	Half-year 2005	Change
<b>Gross written premiums</b>	<b>1,723</b>	<b>2,071</b>	<b>-17%</b>
Netherlands	1,371	1,589	-14%
Germany	232	280	-17%
Belgium	120	181	-34%
Other / eliminations	-	43	n.m.
<b>Result</b>			
- IFRS-based (before taxation)	325	80	n.m.
- EEV-based (LEOR, after taxation)	190	124	53%

The Life operations generate the principal part of the Group's gross premium income, namely € 1.7 billion (54%). The premium income in the Netherlands is lagging behind slightly, partly due to lower mortgage origination and sales of related insurance policies. Life, too, is focusing on sustainable and profitable growth. Support for this policy is provided by the increasing profitability of new business. Gross premium income in 2006 as a whole is expected to remain at the same level as in 2005. The gross premium income for the first six months of 2005 includes the premium income of Ennia Caribe, which was sold at the end of 2005.

The results of the Life operations in the Netherlands are very positive: the result before taxation more than doubled to € 290 million.

The impact of rising long-term interest rates has been a major contributing factor to this positive development. It has allowed the release of provisions for guaranteed liabilities created in order to ensure that we can always meet our liabilities to our customers, even in the case of very low interest rates.

#### Delta Lloyd Germany

The premium income in Germany, too, fell: down 17% at € 232 million. However, the result before taxation remained stable (€ 6 million) owing to effective cost control. From September the new brand name of Berlinische Leben in the German market will be Delta Lloyd Lebensversicherung. This will provide a major boost for the position and recognition of the Delta Lloyd brand in the German market.

#### Delta Lloyd Life Belgium

The premium income in Belgium amounted to € 120 million, which represented a fall of 34%. The result before taxation rose strongly to € 22 million as a consequence of the rising interest rates and the valuation of the provision for insurance liabilities at market interest rates.

The attraction of Delta Lloyd Life's products in the Belgian market has slightly diminished due to the fact that tax relief on premiums is not available. As the Group's policy focuses on margins rather than volume Delta Lloyd Life has decided, unlike some competitors, not to follow this trend.

### Composition of Delta Lloyd Group Embedded Value

<i>(in millions of euros)</i>	30/6/2006	30/6/2005	Change
<b>EEV</b>	<b>4,908</b>	<b>3,756</b>	<b>31%</b>
- Value of existing Life business ( <i>Value in Force</i> )	1,767	1,338	32%
- Expected value of options and guarantees granted	-169	-144	-18%
- Equity of Life operations ( <i>Net Worth</i> )	3,310	2,562	29%

The *European Embedded Value* (EEV) provides good insight into the value of the life insurance business, the principal activity of Delta Lloyd Group.

The rising interest rates also affected the EEV. The EEV increased in the first half-year by 6% to € 4.9 billion<sup>3</sup>. However, the increase was considerable in comparison with the same period last year: 31 %. The table above shows the composition of the EEV and gives a comparison with the EEV in the same period in 2005.

### New business of Delta Lloyd Group

<i>(in millions of euros)</i>	Half-year 2006	Half-year 2005	Change
<b>Total NAPI<sup>4</sup> Delta Lloyd Group</b>	<b>205</b>	<b>235</b>	<b>-13%</b>
Netherlands	154	180	-14%
Germany	22	27	-19%
Belgium	29	28	4%
<b>New business contribution</b>	<b>18</b>	<b>18</b>	<b>-</b>
Present value of new business premiums (PVNBP)	1,708	2,005	-15%
<b>New business margin</b>	<b>1.1%</b>	<b>0.9%</b>	<b>0.2pp</b>

Despite lower NAPI, profitability (new business margin) rose to 1.1% as a result of the focus on profitable growth. Delta Lloyd Life in Belgium is performing well and achieving a rising NAPI through increased income from continuous-premium policies. The new business contribution is stable (€ 18 million). The present value of the new business premiums provides an accurate picture of the premiums that will be received in the future on the basis of contracts already concluded.

<sup>3</sup> See annex 3 for further notes on the development of the European Embedded Value.

<sup>4</sup> New Life business is expressed as NAPI consisting of 100% of the annual premiums and 10% of the single premiums.

## 1.2 General

### General operations

(in millions of euros)

	Half-year 2006	Half-year 2005	Change
<b>Gross written premiums</b>	<b>645</b>	<b>672</b>	<b>-4%</b>
Netherlands	645	651	-1%
<b>Result before taxation</b>	<b>115</b>	<b>119</b>	<b>-3%</b>

The General business dropped slightly, but still remained at a good level, with gross premium income of € 645 million (-4%) and a result before taxation of € 115 million (-3%). The figures for the first six months of 2005 include the results of Ennia Caribe. Adjusted for the sale of Ennia Caribe, the figures remained virtually stable. General's COR (Combined Operating Ratio) continues to improve and has now fallen to under 90%. A prudent client acceptance policy, the effective claims management and a lower frequency of large claims are thus making a positive contribution to General's results.

The success of customer loyalty campaigns and an increase in new business (2% growth) have enabled General to maintain its position in a difficult market. In motor insurance especially, OHRA and Delta Lloyd are achieving success through competitive pricing.

## 1.3 Health

### Health operations

(in millions of euros)

	Half-year 2006	Half-year 2005	Change
<b>Gross written premiums</b>	<b>796</b>	<b>517</b>	<b>54%</b>
<b>Result before taxation</b>	<b>-16</b>	<b>15</b>	<b>n.m.</b>

Health's gross premium rose by over 50% to 796 million, particularly through the acquisition of the former health insurance funds operations. Owing to the turbulence in the health market, the health activities sustained a negative result.

Events in the past half year were dominated by the announced cooperation between the health insurers of the Delta Lloyd Group, Agis and Menzis. They intend to join forces to create a new, leading health insurer. The proposed alliance will increase efficiency, particularly in relation to buying health care and the internal organisation, and will produce the scale we desire. The new health insurer will have 4 million insured persons and a market share of 25%.

The aim is to create the alliance in October, subject to the satisfactory outcome of the business case that is worked on, the due diligence survey currently being conducted and subject to approval of the competition authorities.

## 2. Banking operations

### Banking operations

<i>(in millions of euros)</i>	Half-year 2006	Half-year 2005	Change
<b>Net income</b>	<b>111</b>	<b>88</b>	27%
<b>Result before taxation</b>	<b>26</b>	<b>19</b>	35%
<b>Mortgage portfolio<sup>5</sup></b>	<b>11,702</b>	<b>11,012</b>	6%
- Netherlands	9,109	8,676	5%
- Belgium	1,543	1,298	19%
- Germany	1,050	1,038	1%
<b>Mortgage origination</b>	<b>1,309</b>	<b>1,387</b>	-6%
- Netherlands	864	930	-7%
- Belgium	325	215	51%
- Germany	120	242	-50%

The Group's banking operations have been largely incorporated into the Delta Lloyd Banking Division; only the activities in Germany still report to the Group's German division.

Fee and commission income doubled, but was depressed by lower interest income (-18%) and rising costs. There is a fierce battle for market share in the mortgage business, and some players are resorting to price dumping. Delta Lloyd Bank has reduced its rates, but the number of mortgages sold in the Netherlands is lagging behind. Mortgage origination is also declining in Germany. In Belgium, however, the bank has managed to achieve a substantial increase in new mortgage business of 51% to € 325 million. At Group level mortgage origination fell slightly to € 1.3 billion. The mortgage portfolio grew by 6% to € 11.7 billion.

Banking operations produced a profit of € 26 million in the first six months of this year. This represents an increase of 35%, which is due in part to one-off income from the sale of Bank Nagelmackers 1747 in Luxembourg. This sale reflects the Group's strategic focus on the strengthening of its operations in the Dutch, German and Belgian markets.

The BIS ratio of Delta Lloyd Bank fell in the first half of 2006 from 11.2% to 10.9%. This was completely in line with the adjusted policy of the Banking Division to reduce the ratio gradually to 10% as a result of the lower risk profile.

In the first six months of 2006, savings account balances rose by 6% to € 1.9 billion. Delta Lloyd Bank has in fact observed a shift from saving to investing among its customers. This is a sign of confidence in the economy.

<sup>5</sup> As of 31 December 2005

### 3. Asset Management and Property

#### Investment activities

<i>(in millions of euros)</i>	<b>30/6/2006</b>	<b>31/12/2005</b>	<b>Change</b>
<b>Total assets under management, Delta Lloyd Group</b>	<b>60,619</b>	<b>55,230</b>	<b>10%</b>
- of which investment property	1,875	1,822	3%
<b>Net new assets (half year)</b>	<b>609</b>	<b>67</b>	n.m.

Asset Management reported a large increase in net new assets to € 609 million, compared with the same period in 2005. Half (51%) of new assets came from institutional investors.

The sale of Delta Lloyd and OHRA mutual funds through third parties (banks) is a success. For example, the collaboration with ABN AMRO Bank, Rabobank and private banks has produced a significant increase in funds sold by third parties (up 63% to € 216 million).

Total assets under management of the Group amount to € 60.6 billion. This includes € 1.9 billion in Dutch property investments managed by Delta Lloyd Property. The total return on property investments in the first half of 2006 was 10.4%, compared with 7.1% in the same period of 2005. Both cost control and the portfolio result score better than the market average.

Delta Deelnemingen Fonds was once again the best-performing mutual fund in the 'Netherlands Share Funds' category for 3 and 5-year terms in Standard & Poor's 2005 Cash Fund Awards.

### 4. Other information

The Supervisory Board of Delta Lloyd Group appointed two new members. Jan Haars (formerly CFO at TNT) and Eric Fischer (formerly director of the Dutch Association of Insurers) took the places of Jacques van Dijk (chairman) and Caspar Broeksma, who retired after serving the maximum term of three times four years. René Kottman was appointed as the new chairman of the Supervisory Board. Jan Haars succeeded Caspar Broeksma as chairman of the Audit Committee.

The number of employees rose from 6,184 (year-end 2005) to 6,416. This increase is attributable to the consolidation of the health insurance fund activities (298 staff) at Health. After adjustment, the number of permanent staff slightly decreases (-1%).

## About this press release

- The results and income of the ABN AMRO Insurance joint venture are fully consolidated. Adjustment for ABN AMRO Bank Netherlands' 49% interest is shown in 'Minority interests' in the consolidated income statement.
- The ordinary shares and preference B shares of Delta Lloyd Group are wholly owned by the international insurance group Aviva plc of London, UK. Stichting Nuts Ohra in Amsterdam holds an interest in the form of preference A shares. Aviva plc thus holds 92% of the total issued capital and Stichting Nuts Ohra 8%.
- No share issues or buy-backs occurred during the first half of 2006.
- The financial statements contained in this press release have been drawn up using the same accounting policies as those used in the financial statements 2005. The accounting policies have not changed compared with 2005.
- The health operations were included as continuing activities as at 30 June 2006.
- This press release has not been audited.
- This English language press release is a translation of the Dutch original.

This press release is available in Dutch and English at [www.deltalloydgroup.com](http://www.deltalloydgroup.com)

## ANNEXES

### 1. Delta Lloyd Group. Summarised consolidated income statement

<i>(in millions of euros)</i>	<b>First half 2006</b>	<b>First half 2005</b>
<b>INCOME</b>		
- Gross written premiums	3,164	3,260
- Net investment income	270	1,926
- Fee and commission income	108	132
- Other operating income	76	56
<b>Total gross income</b>	<b>3,618</b>	<b>5,374</b>
- Premiums ceded to reinsurers and change in premium reserve	-245	-290
<b>Total net income</b>	<b>3,373</b>	<b>5,084</b>
<b>EXPENSES</b>		
- Net claims and benefits paid	1,835	1,499
- Changes in insurance liabilities and other provisions	183	2,422
- Expenses attributed to investment contract liabilities	-	18
- Fee and commission expenses	121	208
- Acquisition costs	194	91
- Finance costs	239	236
Other operating expenses	327	372
<b>Total expenses</b>	<b>2,899</b>	<b>4,846</b>
<b>RESULT</b>		
<b>Result before taxation</b>	<b>474</b>	<b>238</b>
- Taxation	96	-49
<b>Net result after taxation</b>	<b>378</b>	<b>189</b>
Attributable to:		
- Equity	362	180
- Minority interests in Group	16	9
<b>NET RESULT AFTER TAXATION</b>	<b>378</b>	<b>189</b>

**2A. Delta Lloyd Group. Summarised consolidated balance sheet - Assets**

<i>(in millions of euros)</i>	<b>30/06/2006</b>	<b>31/12/2005</b>
<b>Intangible fixed assets</b>	<b>333</b>	<b>336</b>
<b>Property and equipment</b>	<b>240</b>	<b>233</b>
<b>Total investments</b>	<b>50,990</b>	<b>51,156</b>
- Investment property	1,756	1,688
- Investment in associates	32	32
- Debt securities	21,374	22,376
- Equity securities	11,509	10,921
- Derivatives	123	106
- Loans and receivables	16,196	16,033
<b>Total receivables</b>	<b>5,047</b>	<b>3,857</b>
- Reinsurance assets	1,382	1,370
- Tax assets	-	26
- Other assets	308	284
- Receivables and other financial assets	2,626	1,595
- Prepayments and accrued income	731	582
<b>Cash and cash equivalents</b>	<b>1,677</b>	<b>1,503</b>
<b>TOTAL ASSETS</b>	<b>58,287</b>	<b>57,084</b>

**2B. Delta Lloyd Group. Summarised consolidated balance sheet – Equity and liabilities**

<i>(in millions of euros)</i>	<b>30/06/2006</b>	<b>31/12/2005</b>
<b>Total capital and reserves</b>	<b>4,030</b>	<b>3,961</b>
<b>Equity</b>	<b>3,852</b>	<b>3,789</b>
- Share capital	107	107
- Share premiums	92	92
- Revaluation and other reserves	1,069	1,261
- Retained earnings	2,584	2,330
<b>Minority interests</b>	<b>178</b>	<b>172</b>
<b>Total liabilities</b>	<b>54,256</b>	<b>53,123</b>
- Insurance liabilities	31,039	30,565
- Investment contract liabilities	2,540	2,389
- Provisions for other risks and charges	1,350	1,350
- Tax liabilities	399	466
- Borrowing	9,094	7,761
- Derivatives	77	174
- Payables and other financial liabilities	9,757	10,417
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>58,287</b>	<b>57,084</b>

### 3. Delta Lloyd Group. Movements in European Embedded Value (EEV) in first half 2006

EEV movement (in millions of euros)		First half 2006	First half 2005
	<b>Published EEV at 1 January</b>	<b>4,635</b>	<b>3,700</b>
1	- Adjustments	23	64
	<b>Revised opening EEV at 1 January</b>	<b>4,658</b>	<b>3,764</b>
2	- New business contribution	18	18
3	- Total profit from existing business	172	106
	<b>Life EEV Operating Return</b>	<b>190</b>	<b>124</b>
4	- Investment return variances	-437	244
5	- Effect of economic assumption changes	506	-294
	- Dividends paid to Delta Lloyd Group	-109	-82
	- Provision of capital to Delta Lloyd Belgium	100	0
	<b>EEV at 30 June</b>	<b>4,906</b>	<b>3,756</b>

#### Item 1 Adjustments

Due to changes to the model certain items have been valued differently. As a result, the EEV has been adjusted.

#### Item 2 New business contribution

This is determined by calculating the present value of the expected future profits from new life business.

#### Item 3 Total profit from existing business

This is principally determined by recalculating the profit from the portfolio.

#### Item 4 Investment return variances

The difference between the investment returns actually achieved and the expected investment returns in the EEV. These have been adversely affected by the sharp rise in long-term interest rates during the first half of the year.

#### Item 5 Effect of economic assumption changes

The EEV is calculated on the basis of economic parameters such as interest rates, investment return, inflation and taxation. The adjustment of the economic parameters as a result of the sharp rise in long-term interest rates during the first half of the year produced an overall positive effect of € 506 million.