

Annual Report 2016

Delta Lloyd Asset Management N.V.

Amsterdam

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Report of Executive Board

In 2016, Delta Lloyd Asset Management N.V. (DLAM) realized a profit before taxes of EUR 1,1 million compared to EUR 42.0 million in 2015. This lower profit is mainly attributable to the management fees and performance fees received and impairment of goodwill.

Multiple year overview

EUR (x 1,000)

	2016	2015	2014	2013
Income statement				
Net revenue	84,995	121,647	100,912	120,236
Operating profit / (loss)	1,235	42,056	20,800	30,923
Profit / (loss) after taxation	314	31,177	15,475	23,068
Balance sheet				
Total assets	61.470	98,731	65,403	59,100
Shareholders' equity	27,081	58,567	42,865	50,458

The financial statements over 2015 were adopted at the General Meeting of Shareholders held on 18 May 2016, where the shareholders resolved to distribute a dividend of EUR 31.8 million.

Risk management

Risk management, compliance and internal control are the underpinning of an effective control environment, and are hence of great importance to (DLAM). DLAM is continually striving to improve its risk management practices, and applies a series of guidelines and best practices for the financial sector to manage the risks to which it is exposed.

In 2016, DLAM commenced with the so-called Blue Attitude program in order to further professionalise its internal control environment according to these best practices. This program is executed in a two-year period (2016 and 2017), and addresses the following subjects:

- Further improvements in the second line of defence in order to create a more visible and more robust risk and compliance function;
- The implementation of improvements to processes and committee structures in which the organisation accepts risk in new (or modified) clients, mandates, products, instruments and the benchmarks used; and
- The implementation of improvements with respect to a consistent risk culture throughout the organisation.

Both Group Audit and the Netherlands Authority for the Financial Markets (AFM) have expressed a satisfactory opinion on the progress and results of this program.

Risk management organisation

DLAM has implemented the three lines of defence model:

- The first line is the risk owner, and covers the entire organisation of production and control. It is the responsibility of these departments to identify risks and business improvements actions, to implement controls, and to report on the progress.
- The second line oversees and supports the risk management process. Within DLAM, the second line consists of the disciplines Financial Risk Management, Operational Risk Management, Compliance and Legal. These departments report to the Chief Risk Officer (CRO) of DLAM, who is also a member of the Executive Board. The CRO has a functional line to the CRO of the DL Group. The second line proactively:
 - Advises the Executive Board on the identification and management of the risks specific to DLAM;

- Monitors that DLAM properly executes the relevant risk policies, and provides guidance where necessary;
- Ensures that all internal and external regulation is complied with;
- Aims to increase the level of risk and compliance awareness; and
- Reports to the DLAM Risk Committee and the Executive Board on these matters.
- The third line uses a systematic and disciplined approach to provide independent and objective assurance on the effectiveness of risk management, control and governance processes. Group Audit of DL formally reports its findings to the Executive Board, the Advisory Board of DLAM, the Board of Directors of DL Group, and the Supervisory Board of DL Group.

DLAM is supervised by the AFM and the Dutch Central Bank (DNB).

Risk identification

The process for managing risks involves a series of periodic steps. These steps – planning and change, risk analysis, action and monitoring, and management reporting – are performed annually. The most significant risks are hence identified by the Executive Board in a strategic risk assessment. This is supplemented by risk assessments performed at the department- and process-level. These assessments are supported by the second line, which compiles quarterly reports on the basis hereof.

DLAM annually prepares an ICAAP report in accordance with the Internal Capital Adequacy Assessment Process. For the risks thus identified in 2016, the Executive Board has assessed the net probability and impact, taking into account the mitigating measures already in place, and has compared the overall outcome against the capital available for absorbing these residual risks. The Executive Board have concluded on this basis that DLAM N.V. is sufficiently solvent.

The three most significant risks identified are:

1. IT risk

A dated IT landscape increases the probability of operational losses, because timely execution of key processes comes in jeopardy. The key processes exist of portfolio management, order management, position keeping, performance measurement and other client services. To mitigate this risk, the following mitigating actions have been executed:

- Investments in the IT Landscape;
- Identifying change capacity and hiring project management staff; and
- Setting up the correct project governance.

2. Business Process Management (BPM) risk

BPM risk is the risk of financial loss or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events. These operational errors can potentially lead to claims, operational losses and reputational damage. To mitigate this risk, the following mitigating actions have been executed:

- Executing projects in the Shape 4 Growth (S4G) program;
- Updating Issue Management procedure;
- Implementing tooling for issue management;
- Facilitating first line of defence by second line of defence;
- Regular consultation between Group Audit (third line of defence) and second line of DLAM; and
- Strengthening the second line of defence.

3. Compliance risk

Compliance risk is defined as the risk of intervention by supervisory authorities, caused by not being complaint with laws and regulations, insufficient capacity to implement these new rules and regulations and insufficient capacity at the second line of defence. This can lead to reputational damage and penalties. To mitigate this risk, the following mitigating actions have been executed:

- Strengthening the second line of defence;
- Organising steering committee regulatory, which functions as a gatekeeper regarding new laws and regulations;
- Hiring project management staff;
- Implementation of, amongst others EMIR and MIFID 2; and
- Executing Blue Attitude project.

Furthermore DLAM is to a certain extent exposed to different market risks such as interest rate risk, credit risk, liquidity risk and foreign currency risks. Managing these risks is an essential part of the daily operational processes of the investment manager under the responsibility of DLAM.

Interest rate risk

Interest rate risk is considered to be low given that no or limited interest is calculated on the intangible fixed asset, the receivables, cash and cash equivalents and current liabilities.

Credit risk

Credit risk is the risk that a counterparty will fail to discharge a contractual or other agreed obligation (including obligations relating to credits, loans, receivables and guarantees received). Given the nature of the business activities, the credit risk on the receivables is limited given that most of the receivables are owed from group companies or related parties.

Liquidity risk

Liquidity risk is the risk of the Company being unable at any time to meet its payment commitments without incurring disproportionate losses. Given the nature of the business activities, this risk is considered to be very low and no special measures, other than the usual management and control measures, have therefore been taken. As per year end the Company has a positive working capital position.

Currency risk

As at the balance sheet date the sum of assets and liabilities denominated in foreign currency was nil. Therefore DLAM runs no currency risk.

Internal control framework

The operational processes are documented and are in line with the requirements of the Financial Supervision Act (wet financieel toezicht) and the Decree on the Supervision of the Conduct of Financial Enterprises (besluit gedragstoezicht financiële ondernemingen).

DLAM applies an extensive system of Sox, Solvency II and ISAE 3402 controls to manage its risks. The second line checks whether these controls have been performed and reports on this independently to the management and the board. The number of controls found to be operating inadequately slightly increased compared to 2015. However, most of the residual risks have been categorized as low or minimal. DLAM has hence received an unqualified ISAE3402 audit opinion for the year 2016.

NN Group

On 23 December 2016, NN Group and Delta Lloyd announced that they reached a (conditional) agreement on an improved recommended public offer for the entire issued and outstanding ordinary share capital of Delta Lloyd. NN Group and Delta Lloyd agreed to certain non-financial covenants in respect of corporate governance, post-closing legal merger, strategy, organisation, integration and employees.

On March, 29th, a large majority of the shareholders of Delta Lloyd N.V. has approved a conditional Legal Merger with NN Group NV. On April, 7th, NN Group has obtained declarations of no objection from the Dutch Central Bank (DNB) and the European Central Bank (ECB) in connection with their offer. In addition, NN Group NV has obtained competition clearance from the European Commission.

On 21 April 2017, NN Group NV obtained 93.3% of the issued and outstanding ordinary shares in the capital of Delta Lloyd NV. Since the transaction is now completed, NN Group NV is the new ultimate parent of DLAM.

Remuneration policy

Delta Lloyd Asset Management employees remuneration is covered by the Delta Lloyd NV remuneration policy and the Delta Lloyd Asset Management remuneration policy. The Governance Remuneration Commission of Delta Lloyd NV reviews the remuneration policy of Delta Lloyd NV as well as Delta Lloyd Asset Management NV. Our remuneration policy distinguishes between four categories of staff:

- Staff
- Staff with a controlling function (identified staff)
- Staff with a variable remuneration scheme
- Directors and Managers

The remuneration policy per category looks like this:

Staff

Most of our employees executive are covered by the collective labour agreement (CAO) of Delta Lloyd NV. These employees have no variable component in the salary. Their work has no important influence on the risk profile Delta Lloyd Asset Management NV and does not consist of control tasks.

Staff controlling

Most of our employees with a controlling function are covered by the CAO of Delta Lloyd NV. These employees have no variable component in the salary. These employees identify, measure and control all risks that are important for Delta Lloyd Asset Management NV on a daily base. Their work has no important influence on the risk profile of Delta Lloyd Asset Management NV.

Staff with a variable remuneration scheme

This concerns employees who are responsible for the investment policy within one or more investment portfolios and employees from Trading and Sales. The remuneration of these employees consist of a fixed and a variable part. The variable part is based on objectives which are both quantitative (financial) and qualitative (functional). The variable part is defined per function group and is limited to 50% or 60% of the fixed part. The setting of the variable remuneration is based on measurable results such as performance, attribution and assets under management as well as on the basis of qualitative factors. Thorough risk management ensures that these employees take no undue risks in the pursuit of outperformance. 40% of the total variable remuneration is paid out in cash, the remaining 60% is paid in three years in equal parts of 20%. The board of directors of Delta Lloyd NV can reclaim this variable remuneration in certain cases in whole or in part.

Directors and Managers

The Directors of the board and some of the departmental managers of Delta Lloyd Asset Management NV are covered by the remuneration policy of Delta Lloyd NV. Under this policy a maximum variable remuneration of 20% is established based on quantitative and qualitative performance criteria. The execution of the remuneration policy is monitored by Group Risk and Group Integrity. The board of directors of Delta Lloyd NV has discretionary powers in exceptional circumstances, to intervene in the implementation of the variable remuneration policy. A description of the actual remuneration policy is available on the website. On request a copy free of charge can be obtained.

Number of staff and total remuneration

Number of staff and total remuneration

Staff***	1. staff**	2. staff with a controlling function	3. "Identified staff" variable remuneration policy	4. Directors and Managers "Identified staff"	total staff Delta Lloyd Asset Management NV
number of staff (per 31.12.2016)	99	17	44	7	167
Total fixed remuneration for the year 2016	7,454,726	1,456,404	8,604,674	1,497,829	19,013,633
Total variable remuneration based on the performances for the year 2016*	22,419	-	1,242,402	48,508	1,313,329

Total variable remuneration payable by the fund (lucrative interest, carries interest etc.)

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* in the table the unconditional granted remuneration for the year 2016 has been accounted for. A postponed part of the variable remuneration

will be accounted for if that part has become unconditionally.

** As mentioned before staff defined under 1 have no variable component in their remuneration. It is an remuneration based on the basis of a personal achievement

*** The Treasury department has been moved from Delta Lloyd Asset Management NV to Delta Lloyd Group.

Regarding article 1:120 sub 2 under a we mention the following: no one has received a remuneration exceeding one million.

For the aforementioned arrangements, all conditional grants (including retention) will be terminated upon termination of the employment contract.

Amsterdam, 24 May 2017

T.J. Maters
N.G.H. Ritzerveld
R. van Mazijk

Financial Statements

Balance sheet as at 31 December 2016

(before proposed appropriation of result)

EUR (x 1,000)	Note.	<u>31.12.2016</u>	<u>31.12.2015</u>
ASSETS			
Intangible fixed assets			
Goodwill	4.1	-	10,000
Receivables			
Amounts receivable from group companies	4.2	2,039	903
Amounts receivable from related parties	4.3	19,779	44,308
Amounts receivable from external parties	4.4	2,016	847
Deferred tax assets	4.5	1,500	-
		<u>25,334</u>	<u>46,058</u>
Cash and cash equivalents	4.6	36,136	42,673
TOTAL ASSETS		<u>61,470</u>	<u>98,731</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued and paid-up share capital	4.7	57	57
Other reserves	4.7	26,710	27,333
Result for the year	4.7	314	31,177
		<u>27,081</u>	<u>58,567</u>
Current liabilities			
Amounts payable to group companies	4.8	33,397	38,727
Other liabilities	4.9	992	1,437
		<u>34,389</u>	<u>40,164</u>
TOTAL EQUITY AND LIABILITIES		<u>61,470</u>	<u>98,731</u>

Income statement for the year 2016

EUR (x 1,000)	Note.	2016	2015
Income			
Net revenue	5.1	84,995	121,647
		84,995	121,647
Total operating expenses			
Distribution expenses	5.2	45,486	44,874
Other operating expenses	5.3	28,274	32,217
Amortisation of intangible fixed assets	4.1	2,500	2,500
Impairment of intangible fixed assets	4.1	7,500	-
		83,760	79,591
Operating profit / (loss)		1,235	42,056
Finance income and expenses			
Interest income and other related income		9	-
Interest expenses and other related expenses		(158)	(70)
		(149)	(70)
Profit / (loss) before taxation		1,086	41,986
Income tax	5.4	772	10,809
Profit / (loss) after taxation		314	31,177

Cash flow statement for 2016

EUR (x 1,000)	2016	2015
Cash flow from operating activities		
Profit / (loss) after taxation	314	31,177
Increase (-) / decrease (+) in receivable	20,724	(19,054)
Increase (+) / decrease (-) in current liabilities	(5,775)	17,626
Amortisation of intangible fixed assets	2,500	2,500
Impairment of intangible fixed assets	7.500	-
	<u>25,263</u>	<u>32,249</u>
Cash flow from financing activities		
Dividend paid	(31,800)	(15,475)
Interim dividend paid	-	-
	<u>(31,800)</u>	<u>(15,475)</u>
Increase / (decrease) Cash and cash equivalents	<u>(6,537)</u>	<u>16,774</u>
Cash and cash equivalents at the beginning of the year	42,673	25,899
Cash and cash equivalents at the end of the year	<u>36,136</u>	<u>42,673</u>
Increase / (decrease) Cash and cash equivalents	<u>(6.537)</u>	<u>16,774</u>

Notes to the balance sheet and income statement

1 General

1.1 Activities

The original company was established on 28 December 1938. On 24 October 2001 the company's name was changed and the articles of association were amended and the current activities were added. The company's activities consist of investing, managing and bookkeeping funds entrusted to it by third parties. For the purposes of its business activities Delta Lloyd Asset Management N.V. is licensed as a manager of alternative investment funds (AIF's) and UCITS within the meaning of Articles 2:65 and 2:69b of the Financial Supervision Act [Wet op het financieel toezicht].

1.2 Main developments during the year

The following main developments have been identified during the year:

Liquidated Funds

The following fund has been liquidated in 2016

18/04/2016	Delta Lloyd Cyrte Africa Fund
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The following funds are in liquidation.

14/10/2016	Delta Lloyd L Asian Participation Fund
30/10/2016	Delta Lloyd Azië Deelnemingen Fonds N.V.

Name change

Delta Lloyd Institutional Global Equity Index Fund was renamed on November 1, 2016 into Delta Lloyd Equity Sustainable Global Fund

Change of management of Delta Lloyd Asset Management N.V.

Jelle Ritzerveld has been appointed as CRO of Delta Lloyd Asset Management N.V. as of June 1, 2016.

Post balance sheet events

Introduction of the following funds

09/01/2017	Delta Lloyd Equity Sustainabel Global Fund A
09/01/2017	Delta Lloyd Equity Sustainable Global Fund DPF

Liquidation of the following fund

22/02/2017	Delta Lloyd L Money Market Fund
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1.3 Group companies

Delta Lloyd Asset Management N.V. ("the Company") is a member of the Delta Lloyd group of companies, which is headed by Delta Lloyd N.V., Amsterdam. Delta Lloyd Asset Management N.V. is a wholly owned subsidiary of Delta Lloyd N.V. The latter has filed a statement of joint and several liabilities in accordance with Article 403, Title 9, Book 2, of the Dutch Civil Code and so has declared itself jointly and severally liable for debts arising from legal acts of the Company. The Company uses the services of the Delta Lloyd in performing its activities. The entities covered by the joint venture agreement between Delta Lloyd N.V. and ABN AMRO N.V. constitute group companies.

1.4 Other associates

In addition to the companies belonging to Delta Lloyd, the Delta Lloyd (institutional) investment funds are also considered to be related parties given that the Company is responsible (or partly responsible) for managing these funds. The Delta Lloyd (institutional) investment funds are:

Delta Lloyd Investment Funds

Delta Lloyd Balanced assets Fund
Delta Lloyd Deelnemingen Fonds N.V.
Delta Lloyd Dollar Fonds N.V.
Delta Lloyd Euro Credit Fund N.V.
Delta Lloyd Europees Deelnemingen Fonds N.V.
Delta Lloyd Global Property Index Fund
Delta Lloyd Investment Fund N.V.
Delta Lloyd Mix Fonds N.V.
Delta Lloyd Rente Fonds N.V.
Delta Lloyd Select Dividend Fonds N.V

Delta Lloyd L SICAV Investment Funds (Luxembourg)

Delta Lloyd L Bond Euro
Delta Lloyd L European Fund
Delta Lloyd L European Participation Fund
Delta Lloyd L Global Property Fund
Delta Lloyd L Global Fund
Delta Lloyd L Money Market Fund
Delta Lloyd L Cyrte Global Fund
Delta Lloyd Privilige Alpha cycled Fund
Triodos SICAV I

Delta Lloyd Institutional Investment Funds

Delta Lloyd Equity Sustainable Global Fund
Delta Lloyd Institutioneel Blue Return Fund
Delta Lloyd Institutioneel Property Fund
Delta Lloyd Institutioneel Wereld Fonds

Delta Lloyd Institutioneel Mix Defensief
Delta Lloyd Institutioneel Mix Neutraal
Delta Lloyd Institutioneel Mix Offensief
Delta Lloyd Institutioneel Mix fonds Conservatief
Delta Lloyd Institutioneel Blue return fonds B

Delta Lloyd inzake Index Mix fonds 1
Delta Lloyd inzake Index Mix fonds 2
Delta Lloyd inzake Index Mix fonds 3

Delta Lloyd Fixed Income Umbrella

Delta Lloyd Sovereign XLT Bond Fund
Delta Lloyd Sovereign LT Bond Fund
Delta Lloyd Sovereign Bond Fund
Delta Lloyd Corporate Bond Fund
Delta Lloyd Collateralized Bond Fund
Delta Lloyd Sub-sovereign Bond Fund

Delta Lloyd Sovereign XXL Bond Fund

Delta Lloyd Mezzanine Fund

1.5 Notes to the cash flow statement

The cash flow statement is prepared in accordance with the indirect method. A distinction is drawn between cash flows from operating, investing and financing activities. Interest income and expense are shown in the cash flow statement as cash flow from operating activities.

2 Accounting principles for the valuation of assets and liabilities

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2, of the Dutch Civil Code and the Financial Supervision Act. The financial statements are presented in Euros, the Company's functional currency. Assets and liabilities are shown at nominal value, unless stated otherwise. The financial statements were prepared on 22 May 2017.

In 2016 some amounts had been accounted for concerning the year 2015. Because the sum of these amounts were material the figures of 2015 had to be adjusted. This had a negative impact on the net result 2015 of EUR 684.000. The balance sheet, profit and loss account, Cash flow statement and the notes of 2015 have been adjusted accordingly. Within the profit and loss account 2015 the line items Net revenue, Other operating expenses and Income tax are adjusted.

2.2 Comparison with previous year

The principles used for valuing assets and liabilities and determining the result are unchanged in relation to the previous reporting year.

2.3 Intangible fixed assets

Initial recognition of intangible fixed assets is at cost and is amortized over 10 years. If required, a provision for impairment is taken.

2.4 Receivables

Receivables are shown at nominal value less any provisions deemed necessary for bad or doubtful debts.

2.5 Shareholders' equity

Shareholders' equity consists of paid-up share capital, other reserves and the result of the year under review. Other reserves comprise the cumulative results of previous years less any dividends paid.

2.6 Current liabilities

Current liabilities are shown at nominal value.

2.7 Off balance sheet items

Financial fixed assets, which included the preferred shares held in investment funds, are valued at nominal value. These preferred shares will receive a special profit allowance from these funds when specific conditions are met.

3 Principles for determining the result

3.1 General

The result is determined as the difference between the income from and the costs of services supplied and other expense items in the year. Foreseeable obligations and possible losses arising during the financial year are recognized if they are known at the time of the financial statements being prepared, with account being taken of the conditions applying in respect of provisions.

3.2 Net revenue

Net revenue comprises the management and performance fees charged to the investment funds listed in section 1.3 in accordance with the applicable prospectuses or conditions of management and custody. This item also includes the fees received in respect of the joint venture agreement between Delta Lloyd N.V. and ABN AMRO N.V. for managing the investment portfolios. The Company also receives a fee for managing institutional investment portfolios under investment mandates.

Fees are allocated to the period to which they relate.

3.3 Expenses

Distribution expenses are the amounts paid to distributors.

Other operating expenses are the amounts charged to the Company for management of the investment portfolios.

Expenses are allocated to the period to which they relate.

3.4 Interest income and other similar income

This item comprises interest received on bank accounts, call money and deposits and interest on receivables.

3.5 Interest expense and other similar expense

This item comprises interest paid on bank accounts, deposits and interest on payables.

3.6 Taxes

Delta Lloyd Asset Management N.V. is part of the fiscal unity of Delta Lloyd N.V. Within this fiscal unity taxes are settled as if each company were an independent taxable entity. Taxes are calculated on the result disclosed in the income statement, taking into account of tax-exempt items and partly or completely non-deductible expenses. The amount of income taxes due is shown in the financial statements and paid to Delta Lloyd N.V.

4 Notes to the balance sheet

4.1 Intangible fixed assets

EUR (x 1.000)	2016	2015
As at 1 January	10,000	12,500
Amortisation	(2,500)	(2,500)
Impairment	(7,500)	-
As at 31 December	-	10,000

EUR (x 1.000)	2016	2015
Historical cost	25,000	25,000
Accumulative amortisation	(25,000)	(15,000)
As at 31 December	-	10,000

Intangible fixed assets comprises the goodwill paid to Dresdner VPV N.V. on the acquisition of customer relationships of Dresdner VPV N.V. in order to obtain the total investment management contract of Delta Lloyd Deelnemingen Fonds N.V. The goodwill is amortized over a period of 10 years. This represent the duration of the expected positive cash flows from the contract. An impairment is deemed necessary given the negative expectations of the profitability of the Fund.

4.2 Amounts receivable from group companies

EUR (x 1.000)	2016	2015
Delta Lloyd N.V.	744	228
Delta Lloyd Levensverzekering N.V.	428	-
Delta Lloyd Private Equity 2007 B.V.	-	341
Delta Lloyd Private Equity America 2007 B.V.	-	87
Delta Lloyd Banken N.V.	86	91
Delta Lloyd Life N.V.	262	-
ABN-AMRO Verzekeringen N.V.	519	156
As at 31 December	2,039	903

4.3 Amounts receivable from related parties

EUR (x 1.000)	2016	2015
Delta Lloyd investment funds	19,779	44,308
As at 31 December	19,779	44,308

A provision for bad or doubtful debts has been made for an amount of EUR 218,918 as at 31 December 2016 (2015: nil).

4.4 Amounts receivable from external parties

This item largely comprises amounts receivable from asset management parties and Triodos SICAV I. No provision for bad or doubtful debts has been made for as at 31 December 2016 (2015: nil).

4.5 *Deferred tax assets*

The deferred tax asset is caused by the fact that the goodwill only has been impaired commercial and not fiscal.

4.6 *Cash and cash equivalents*

EUR (x 1.000)	2016	2015
Current account Delta Lloyd Treasury B.V.	35,134	42,073
Bank	1,002	600
As at 31 December	36,136	42,673

Cash and cash equivalents are available on demand and interest bearing. -0.3748% interest per day is paid on the current accounts at Delta Lloyd Treasury B.V., a related party. This interest rate is considered to be in line with market conditions.

4.7 *Shareholders' equity*

Issued and paid-up share capital

The company's authorized capital as at 31 December 2016 was EUR 907,560, comprising 2,000 ordinary shares, each of EUR 453.78 nominal value. At the end of 2016, 500 ordinary shares had been issued, on which an amount of EUR 113.45 per share, being 25% of the nominal value, had been paid-up.

EUR (x 1.000)	2016	2015
Issued share capital as at 1 January	227	227
New shares issued	-	-
Issued share capital as at 31 December	227	227
Paid-up share capital as at 1 January	57	57
Paid-up capital	-	-
Paid-up share capital as at 31 December	57	57

Other reserves

EUR (x 1.000)	2016	2015
As at 1 January	27,333	27,333
Result appropriation	(623)	-
As at 31 December	26,710	27,333

Result for the year

EUR (x 1.000)	2016	2015
As at 1 January	31,177	15,475
Dividend paid	(31,800)	(15,475)
To the other reserves	623	-
Result for the year	314	31,177
As at 31 December	314	31,177

Proposed appropriation of result

The Executive Board proposes to add the result of 2016 € 314 to the other reserves. The proposal has not yet been included in the 2016 financial statements.

4.8 Amounts payable to group companies

EUR (x 1.000)	2016	2015
Distribution expenses owed to group companies		
Delta Lloyd Levensverzekering N.V.	24,255	21,163
Delta Lloyd Schadeverzekering N.V.	38	76
Delta Lloyd Life N.V.	-	93
	24,293	21,332
Other amounts payable to group companies		
DLAM Holding B.V.	2,092	16,950
Cyrte Investments B.V.	6,874	297
Delta Lloyd Asset Management Vertriebs GmbH	138	126
Delta Lloyd Services	-	22
	9,104	17,395
As at 31 December	33,397	38,727

4.9 Other liabilities

EUR (x 1.000)	2016	2015
Amounts owed to third-party distributors	100	516
Other short-term liabilities	892	921
As at 31 December	992	1,437

4.10 *Contingent assets and liabilities*

Delta Lloyd Asset Management NV and Delta Lloyd Levensverzekering NV versus Lioncross Ltd.

Delta Lloyd Asset Management NV ("DLAM") and Delta Lloyd Levensverzekering NV ("DLL") are involved in a Legal dispute with Lioncross Ltd ("Lioncross"). On 19 August 2015, Lioncross sued DLAM and DL, claiming payment of USD 29.1 million. According to Lioncross DLAM and DLL were in breach of contractual obligations by voting against a restructuring of Rolsa NV. DLAM and DLL believe the Lioncross claim is based on forged documents and both DLAM and DLL deny any and all liability. On 10 August 2016, the Amsterdam Court gave an interim judgement in the proceedings. The Court ruled that Lioncross has to prove that the documents which DLAM and DLL consider to be forged are validly existing. DLAM and DLL will have the opportunity to provide counter-evidence. Witness hearings are scheduled for May 2017.

4.11 *Off-balance sheet items*

Delta Asset Management N.V. also holds nine priority shares (EUR 9.10 par value each) in Delta Lloyd Deelnemingen Fonds N.V., which provides Delta Lloyd Asset Management N.V. influence in relation to the appointment, suspension and dismissal of members of the Executive Board and the Supervisory Board of the Fund.

5 **Notes to the income statements**

5.1 *Net revenue*

EUR (x 1.000)	2016	2015
Fees income from group companies	2,648	3,480
Management fees	77,568	90,655
Performance fees	1,821	24,533
Fees income from related parties	79,389	115,188
Fees income from external parties	2,959	2,979
Total	84,995	121,647

The fees from external parties comprises of the management fees received adjusted for the kickback provision.

5.2 *Distribution expenses*

EUR (x 1.000)	2016	2015
Distribution expenses attributable to group parties	44,275	43,246
Distribution expenses attributable to third-party distributors	1,211	1,628
Total	45,486	44,874

5.3 Other operating expenses

EUR (x 1.000)	2016	2015
Outsourced services from group companies	28,038	31,197
Management expenses	309	(23)
Other	(73)	1,043
Totaal	28,274	32,217

The auditor's fees are worn by Delta Lloyd N.V. and as such are shown in the financial statements of Delta Lloyd N.V. Ernst & Young Accountants LLP is appointed as the auditor of the Company.

The other expenses are showing a gain due to the effect of adjustments concerning past year.

5.4 Income taxes

The statutory tax rate is 25% (2015: 25%).

EUR (x 1.000)	2016	2015
Net result before tax	1,086	41,986
Tax rate	25.0%	25.0%
Charge for the year based on the base tax rate	272	10,497
Permanent differences	500	125
Temporary differences	-	187
Current tax	772	10,809

A permanent and a temporary difference is included in the calculation of the tax charge for the year. A permanent difference is due to the fact that the amortization and impairment calculated on the goodwill is a non tax deductible item. As such a permanent difference is recognized.

6 Other

6.1 Employees

The Company did not have employees employed in 2016 (2015: 0). In its business activities the Company uses staff and facilities of the Delta Lloyd group. The fee of EUR 28,0 million charged for these services (2015: EUR 31.2 million) is included in other operating expenses.

6.2 Remuneration of the Executive Board

The members of the Executive Board of the Company received no remuneration from Delta Lloyd Asset Management N.V. in 2016 and 2015.

Amsterdam, 24 May 2017

Executive Board,

T.J. Maters

N.G.H. Ritzerveld

R. van Mazijk

Other information

Provisions in the Articles of Association with regard to the appropriation of profit

Under Article 15.1 of the Articles of Association, the result achieved for the year is at the disposal of the General Meeting of Shareholders. The company may make distributions from the profit only when its shareholders' equity is greater than the paid-up and called capital plus the reserves required to be held by law.

The General Meeting of Shareholders may resolve to distribute an interim dividend, subject to compliance with the above.

Auditor's report

The auditor's report is included on the next page.

Independent auditor's report

To: the general meeting of shareholders of Delta Lloyd Asset Management N.V.

Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of Delta Lloyd Asset Management N.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Delta Lloyd Asset Management N.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2016
- Income statement for the year 2016
- Cash flow statement for 2016
- Notes to the balance sheet and income statement

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Delta Lloyd Asset Management N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of Executive Board
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of

Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the Executive Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board
- Concluding on the appropriateness of the Executive Board use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the Executive Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 24 May 2017

Ernst & Young Accountants LLP

Signed by J.C.J. Preijde RA