2017 Solvency and Financial Condition Report

Delta Lloyd Schadeverzekering N.V.

Content Solvency II

Solvency and Financial Condition Report

Summary

Summary

Delta Lloyd Schadeverzekering's approach to the Solvency and Financial Condition Report

This Solvency and Financial Condition Report ('SFCR') provides public quantitative and qualitative disclosures for Delta Lloyd Schadeverzekering N.V. ('Delta Lloyd Schadeverzekering') on Solvency II as required by the Solvency II legislation. Delta Lloyd Schadeverzekering already discloses most of the information that is required to be included in the SFCR in its 2017 Annual Report ('Annual Report'). In order to ensure the most transparent and user-friendly approach, the information that is already included in the Annual Report is not duplicated in this SFCR. Therefore, this SFCR is prepared as a supplement to Delta Lloyd Schadeverzekering's Annual Report. It includes all information required to be disclosed in the SFCR, either through a specific reference to the Annual Report or as supplemental information.

As required by the Delegated Regulation (EU) 2015/35/Annex XX 'Structure of the Solvency and Financial Condition Report and Regular Supervisory Report', this SFCR follows the required standard chapter layout. The subjects addressed are based on Directive 2009/138/EC/ and (amended) Directive 2014/51/EU section 3 – Public Disclosures (articles 51-56), Delegated Regulation (EU) 2015/35 and (amended) Delegated Regulation (EU) 2016/467 chapter XII Public Disclosures (articles 292-298). Furthermore, the figures presented in this report are in line with the supervisor's reported Quantitative Reporting Templates. Delta Lloyd Schadeverzekering is required to submit the so-called Quantitative Reporting Templates ('QRTs') to its supervisor Dutch Central Bank ('DNB'). A subset of these QRTs, which are required to be publicly disclosed and which provide quantitative information in accordance with Solvency II as at 31 December 2017, are included in the appendix to this SFCR.

The amounts disclosed in this SFCR are, consistent with the amounts in the Annual Report, in thousands of euros unless stated otherwise.

The Solvency ratio, as well as the amounts disclosed in this SFCR are not final until filed with the regulators.

Chapter A 'Business and performance' describes the overall business profile and structure of Delta Lloyd Schadeverzekering. It also provides insight into the underwriting and investment performance of Delta Lloyd Schadeverzekering. Chapter B 'System of Governance' explains the organisational governance structure and looks into the role and execution of key Solvency II functions. Chapter C 'Risk profile' analyses Delta Lloyd Schadeverzekering's exposure to financial and non-financial risks and explains the risk mitigation techniques in place. Chapter D 'Valuation for solvency purposes' elaborates on the differences in presentation and measurement of balance sheet elements between Solvency II and International Financial Reporting Standards ('IFRS'). Chapter E 'Capital management' discusses the composition of available and Eligible Own Funds and the calculation of the Solvency Capital Requirement ('SCR').

Material changes in 2017

In 2017, NN Group N.V. ('NN Group') acquired all issued and outstanding ordinary shares in the capital of Delta Lloyd N.V. ('Delta Lloyd'). The legal merger between NN Group Bidco B.V. (a 100% subsidiary of NN Group N.V.) and Delta Lloyd N.V. became effective on 1 June 2017. Following the acquisition, NN Group started to combine Delta Lloyd with the Dutch and Belgian activities of NN Group. From this date, the NN Group Risk management governance and policies apply to the Delta Lloyd units. During 2017 certain waivers were granted where immediate implementation was not possible. On 17 August 2017, NN Group reported the first fully consolidated set of quarterly results for NN Group and Delta Lloyd.

During 2017 new members of the Management Board of Nationale-Nederlanden Schadeverzekering Maatschappij N.V. were appointed and resigned due to the integration with Delta Lloyd. As per the date of integration the Management Board is responsible for both Nationale-Nederlanden Schadeverzekering Maatschappij N.V.and Delta Lloyd Schadeverzekering. Further reference is made to the section 'Report of the Management Board – Business developments' in the 2017 Annual report of Delta Lloyd Schadeverzekering.

Eligible Own Funds

Solvency II requires to hold Eligible Own Funds for covering Solvency Capital Requirement. The Eligible Own Funds are classified in three tiering categories. The tiering classification is prescribed in the Solvency II Legislation, as not all own-fund items are considered to be able to fully absorb losses in the event of winding-up proceedings. Tier 1 own-fund items are the highest grade capital and Tier 3 items are the lowest grade capital.

Eligible Own Funds

In EUR thousand	2017	2016
Tier 1 (restricted and unrestricted)	340,082	406,067
Tier 2	71,973	60,742
Tier 3	9,149	4,382
Total Eligible Own Funds	**421,204**	**471,191**

The Own Funds decreased EUR 49,987 thousand to EUR 421,204 thousand in 2017. Main reasons for the decrease are the dividend payment of € 20,000 thousand and unfavourable operating results.

Summary continued

Impact of long term guarantees and transitional measures

The quantification of the impact of a change to zero of the volatility adjustment on Delta Lloyd Schadeverzekering 's financial position - represented by an adjustment on the amount of technical provisions, the SCR, the basic own funds and the Eligible Own Funds is included in paragraph 'Matching and volatility adjustment, transitional measures and transitional risk-free interest rate term structure' on page 20 in Section D.2 and QRT S.22.01.21 'Impact of long term guarantees and transitional measures' in the Appendix.

Solvency Capital Requirement

Delta Lloyd Schadeverzekering uses the Standard Formula to measure SCR.

Solvency Capital Requirement

In EUR thousand	2017	2016
Market risk	84,951	93,010
Counterparty default risk	28,286	41,209
Health underwriting risk	108,420	129,361
Non-life underwriting risk	291,304	302,455
Diversification	-148,842	-171,460
Operational risk	34,795	34,234
Loss absorbing Capacity of Deferred Taxes	-79,587	-83,618
Total Solvency Capital Requirement	**319,328**	**345,191**

The SCR decreased EUR 25.863 thousand to EUR 319.328 thousand in 2017. This is mainly driven by credit spread risk (reclassification of bonds) and assumption changes for health risk.

Delta Lloyd Schadeverzekering's Solvency II Capital ratio

The following table presents the solvency ratio of Delta Lloyd Schadeverzekering at year-end 2017 (and reported at year-end 2016):

Solvency ratio

In EUR thousand	2017	2016
Eligible Own Funds (EOF)	421,204	471,191
Minimum Capital Requirement (MCR)	143,697	155,336
Solvency Capital Requirement (SCR)	319,328	345,191
Surplus	**101,876**	**126,000**
Ratio (%) (EOF/SCR)	**132%**	**137%**

Delta Lloyd Schadeverzekering was adequately capitalised at year-end 2017 with a Solvency II ratio of 132% based on the Standard Formula. The Solvency II ratio of Delta Lloyd Schadeverzekering decreased to 132% from 137%.

Business and performance

A. Business and Performance

Introduction

This chapter of the SFCR contains general information on Delta Lloyd Schadeverzekering, a simplified group structure and Delta Lloyd Schadeverzekering's financial performance over 2017.

A.1 Business

General

Reference is made to the section 'NN Group and Delta Lloyd Schadeverzekering at a glance' in the 2017 Annual Report of Delta Lloyd Schadeverzekering for the legal form of Delta Lloyd Schadeverzekering and Delta Lloyd Schadeverzekering's position within the legal structure of NN Group.

The supervisory authority responsible for financial supervision of Delta Lloyd Schadeverzekering:

Dutch Central Bank
Westeinde 1
1017 ZN Amsterdam
The Netherlands

The contact details of Delta Lloyd Schadeverzekering's external auditor are:

A. Snaak RA
Ernst & Young Accountants LLP
Cross Towers, Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

Information on the appointment of the external auditor is included in the section 'Corporate governance- External auditor' in the 2017 Annual Report of Delta Lloyd Schadeverzekering.

Qualifying holdings

A 'qualifying' holding is a direct or indirect holding in Delta Lloyd Schadeverzekering which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.

Delta Lloyd Schadeverzekering is a fully owned subsidiary of Nationale-Nederlanden Nederland B.V. (NN Nederland) which in turn is a fully owned subsidiary of NN Insurance Eurasia N.V. NN Insurance Eurasia N.V. is fully owned by NN Group.

As at 31 December 2017, there were no holders of qualifying holdings in NN Group.

Material lines of business and related undertakings

Reference is made to section 'NN Group and Delta Lloyd Schadeverzekering at a glance' and section 'Report of the Management Board' in the 2017 Annual report of Delta Lloyd Schadeverzekering for more information on the material lines of business of Delta Lloyd Schadeverzekering.

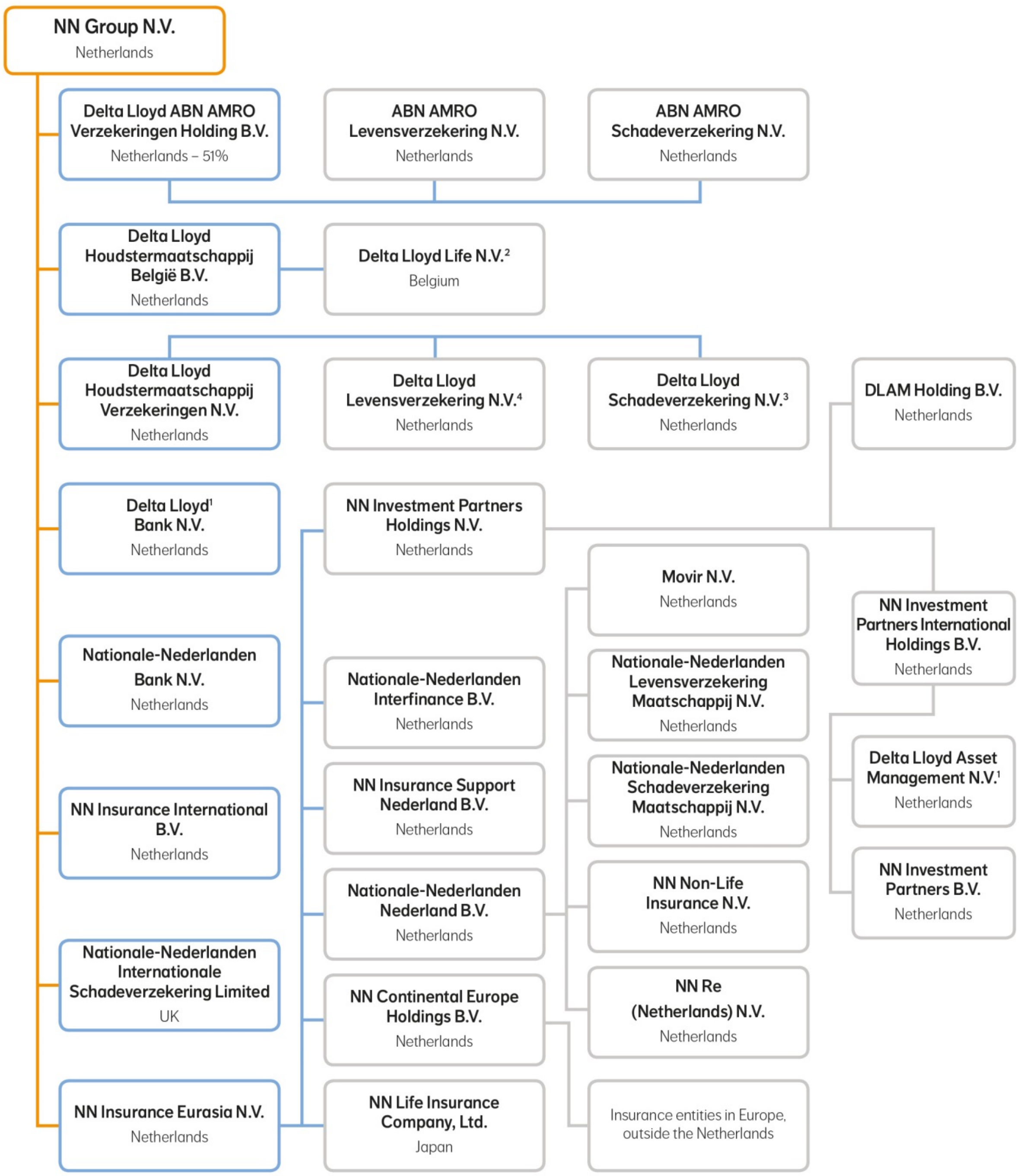
For information on any significant business events or other events that have occurred over the reporting period reference is made to the section 1 'Report of the Management Board- Financial developments' in the 2017 Annual Report of Delta Lloyd Schadeverzekering and note 2.7.27 'Other events' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Reference is made to the section 'Corporate governance' in the 2017 Annual Report of Delta Lloyd Schadeverzekering for information on the governance and organisational structure of Delta Lloyd Schadeverzekering.

Business and performance continued

Simplified group structure

The simplified group structure as at 31 December 2017 is as follows:



1 As of 1 January 2018 Delta Lloyd Bank N.V. and Delta Lloyd Asset Management N.V. are merged into NN Bank N.V. and NN Investment Partners B.V. respectively.
2 As of 1 February 2018 Delta Lloyd Life N.V. (Belgium) has been transferred to NN Continental Europe Holdings B.V. As of 30 March 2018, Delta Lloyd Life N.V. (Belgium) is merged into NN Insurance Belgium N.V.
3 As of 1 March 2018, Delta Lloyd Schadeverzekering N.V. is transferred to Nationale-Nederlanden Nederland B.V.
4 As of 1 April 2018, Delta Lloyd Levensverzekering N.V. is transferred to Nationale-Nederlanden Nederland B.V.

Business and performance continued

A.2 Underwriting Performance (see A.3 below)
A.3 Investment Performance
For information on underwriting and investment performance, reference is made to section 'Report of the Management Board- Financial developments' in the 2017 Annual Report of Delta Lloyd Schadeverzekering. For the underwriting performance, reference is made to QRT S.05.01.02 'Premiums, claims and expenses by line of business' and QRT S.05.02.01 'Premiums, claims and expenses by country' in the Appendix.

Further reference is made to Note 2.7.3 'Details of income' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for information on income arising from investments by asset class and the components of such income.

Gains and losses on investments recognised directly in equity are disclosed in Note 2.7.14 'Revaluation reserves' and in the statement of comprehensive income in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Information on investment in securitisations is included Note 2.7.9 'Debt and equity securities' in the 2017 Financial statements of Delta Lloyd Schadeverzekering. Most of the investments in securitisations issued by third parties relate to debt instruments of structured entities regarding asset-backed securities classified as loans.

A.4 Performance of other activities
Delta Lloyd Schadeverzekering has no other activities.

A.5 Any other information
Reference is made to the section 'Report of the Management Board' in the 2017 Annual Report of Delta Lloyd Schadeverzekering for any other material information regarding the business and performance of Delta Lloyd Schadeverzekering.

System of governance

B. System of governance

Introduction

This chapter of the SFCR contains information on the system of governance of Delta Lloyd Schadeverzekering in addition to governance information included in the NN Group 2017 Financial Report and disclosed on NN Group's website. The additional information includes relevant committees within the Management Board, a description of the main roles and responsibilities of key functions and Delta Lloyd Schadeverzekering's approach to the 'fit and proper' requirements and to the Own Risk and Solvency Assessment.

B.1 General information on the system of governance

This chapter describes the Risk and Finance Committee Structure and explains the responsibilities, members and interdependencies of each committee.

This chapter sets out the governance and control framework effective in 2017.

Structure of governance and changes in system of governance

For a description of the structure of Delta Lloyd Schadeverzekering's administrative and management body, reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering. This source also describes the main roles and responsibilities of these bodies, provides a brief description of the segregation of responsibilities within these bodies and describes relevant committees that exist within them.

MB committees

The Management Board of Delta Lloyd Schadeverzekering performs the day-to-day management of Delta Lloyd Schadeverzekering and the overall strategic direction of Delta Lloyd Schadeverzekering.

The Charter of the Risk and Finance committees describes the Risk and Finance Committee Structure as instructed by NN Group and explains the responsibilities, memberships(s) and interdependencies of each committee. While the Management Board retains responsibility for the risk management of Delta Lloyd Schadeverzekering, it has delegated certain other responsibilities to committees. These committees are the Product Risk Committee, the Model Committee, the Assets & Liabilities Committee and the Crisis Committee.

Roles and responsibilities of key functions

Delta Lloyd Schadeverzekering has organised its Solvency II key functions in accordance with the applicable Solvency II regulations. All key function holders within Delta Lloyd Schadeverzekering have passed DNB fit and proper test. All the Solvency II key functions are able to carry out their duties objectively and free from undue influence and can report relevant findings directly to the relevant Board(s).

Risk function

Role

The Chief Risk Officer of Delta Lloyd Schadeverzekering ('CRO') is the Head of the Risk function and is entrusted with the day-to-day responsibility for Delta Lloyd Schadeverzekering's risk management function. The CRO steers an independent risk organisation which supports the first line in their decision making, but which also has sufficient countervailing power to prevent excessive risk taking. The CRO must ensure that the Management Board is at all times informed of, and understands the material risks to which Delta Lloyd Schadeverzekering is exposed.

Responsibilities

Within the Management Board, the CRO is responsible for:

- Setting risk policies
- Formulating the risk management strategy of Delta Lloyd Schadeverzekering and ensuring that it is implemented throughout Delta Lloyd Schadeverzekering
- Monitoring compliance with the overall risk policies of Delta Lloyd Schadeverzekering
- Supervising the operation risk management and business control systems of Delta Lloyd Schadeverzekering
- Reporting risks and the processes and internal business controls of Delta Lloyd Schadeverzekering
- Making risk management decisions with regard to matters which may have an impact on the financial results of Delta Lloyd Schadeverzekering or its reputation, without limiting the responsibility of each individual member of the Management Board in relation to risk management

Compliance function

Reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for a description of the Compliance function.

Other functions

The Actuarial Function and Internal Audit Function are also key functions within Delta Lloyd Schadeverzekering. For a description of these functions, roles and responsibilities and implementation in the Delta Lloyd Schadeverzekering structure, reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering .

Remuneration

Remuneration is performed in line with the remuneration policies defined by NN Group. Reference is made to Note 2.7.5 'Employee information' as disclosed in the 2017 Financial statements of Delta Lloyd Schadeverzekering for information on the remuneration policy and practices regarding administrative, management and supervisory bodies and employees. Other information on remuneration is disclosed on NN Group's website: https://www.nn-group.com/Who-we-are/ Corporate-governance/Remuneration.htm.

Transactions with related parties

Reference is made to Note 2.7.26 'Related party transactions' and Note 2.7.6 'Remuneration of the Management Board and Supervisory Board' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for information about material transactions during the reporting period. Section B.7 in this SFCR contains more information on intra-group outsourcing arrangements. Transactions with people who exercise a significant influence on Delta Lloyd Schadeverzekering and with members of the Management Board and Supervisory Board are disclosed in Note 2.7.6 'Remuneration of the Management Board an Supervisory Board' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Adequacy of system of governance

The assessment of the adequacy of the system of governance of Delta Lloyd Schadeverzekering to the nature, scale and complexity of the risks inherent in its business is disclosed in Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Consistent use of risk management, internal control systems and reporting procedures

Reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for a description of how the risk management and internal control systems and reporting procedures are implemented consistently throughout the organisation.

Own risk and solvency assessment at group and entity level

NN Group did not make use of the option provided for in the third subparagraph of Article 246(4) of Directive 2009/138/EC to conduct the own risk and solvency assessments at the level of the group and at the level of any subsidiary in the group simultaneously. Delta Lloyd Schadeverzekering makes use of the option provided for in the third subparagraph of Article 246(4) of Directive 2009/138/EC to conduct the own risk and solvency assessments at the level of the group of entities. The assessment is done for Delta Lloyd Schadeverzekering, Nationale-Nederlanden Schadeverzekering Maatschappij N.V., Movir N.V. and NN Non-Life Insurance N.V. as a whole.

B.2 Fit and proper requirements

For a description of Delta Lloyd Schadeverzekering's specific requirements concerning skills, knowledge and expertise applicable to the persons who manage Delta Lloyd Schadeverzekering, reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering. Requirements concerning skills, knowledge and expertise applicable to people who have other key functions, are included in the respective job profiles.

In accordance with the NN Group Governance Manual and applicable HR policies, the persons who effectively run Delta Lloyd Schadeverzekering and the persons fulfilling key functions should be fit and proper. During recruitment all candidates must have the professional qualifications, knowledge and experience that are required for sound and prudent management ('fit') and be of good repute and have integrity ('proper'). Where applicable the candidates must pass the DNB or AFM fit and proper test.

All persons holding key functions are assessed against their performance objectives, leadership behaviours and any other requirements from their job profiles during the annual performance cycle and specifically during the year-end appraisal.

B.3 Risk management system including the own risk and solvency assessment

Description of Delta Lloyd Schadeverzekering's risk management system

Reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for a description of the risk management system comprising of strategies, processes and reporting procedures, and how Delta Lloyd Schadeverzekering is able to effectively identify, measure, monitor, manage and report, on a continuous basis, the risks on an individual and aggregated level, to which Delta Lloyd Schadeverzekering is or could be exposed. In the same note, a description is included of how the risk management system including the risk management function are implemented and integrated into the organisational structure and balanced decision-making processes of Delta Lloyd Schadeverzekering.

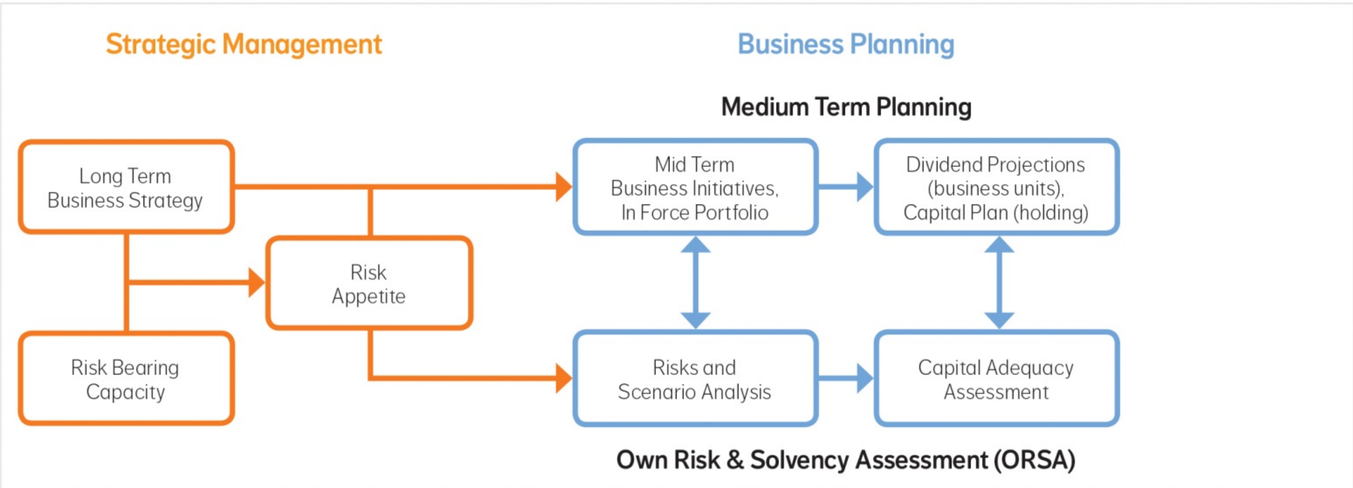
System of governance continued

Own Risk and Solvency Assessment

Business strategy and objectives, key risk appetite statements, risk and capital management are aligned in the Own Risk and Solvency Assessment ('ORSA') in synchronisation with the yearly medium term business plan. The ORSA report supports the Management Board in assessing the overall risk and capital profile of the business under a wide range of scenarios.

The ORSA is defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks a (re)insurance legal entity faces or may face and to determine the own funds necessary to ensure that the entity's overall solvency needs are met at all times. In particular, the ORSA:

- Is a specific instrument within Delta Lloyd Schadeverzekering's risk management system: it is a high level forward looking analysis on capital adequacy under a wide range of scenarios based on the current and emerging risk profile of an entity, given its strategy and risk appetite
- Does not serve to calculate the capital requirement, although capital add-ons can be considered as a result of the ORSA
- Shall be an integral part of business planning . As such, the ORSA is linked to the strategic management process and related decision-making framework as illustrated below:



Regular frequency

Delta Lloyd Schadeverzekering prepares an ORSA at least once a year. In the ORSA, Delta Lloyd Schadeverzekering articulates its strategy and risk appetite; describes its key risks and how they are managed; analyses whether or not its risks and capital are appropriately modelled; and evaluates how susceptible the capital position is to shocks through stress testing and scenario testing. Stress testing examines the effect of exceptional but plausible scenarios on the capital position of Delta Lloyd Schadeverzekering. Stress testing can also be initiated outside ORSA, either internally or by external parties such as DNB and the European Insurance and Occupational Pensions Authority ('EIOPA'). The ORSA includes a forward looking overall assessment of Delta Lloyd Schadeverzekering's solvency position in light of the risks it holds.

Monitoring between regular ORSAs: possible ad-hoc ORSA

To the extent necessary, the outcomes of the ORSA are translated in ad-hoc ORSA triggers (i.e. events that lead to a significant shock in the risk profile and/or capital position), relevant metrics and/or indicators and management actions for identified material risks. Monitoring of the same is part of the regular (Finance & Risk) control cycle. Developments are documented in internal Finance & Risk reports and discussed during board and/or delegated committee meetings. The CRO of Delta Lloyd Schadeverzekering is responsible for identifying the need of a(n) (partial) ad-hoc ORSA. In such cases, the relevant national supervisory authority is also informed.

The regular ORSA process as undertaken within Delta Lloyd Schadeverzekering

Strategy and risk appetite

A thorough re-assessment of strategy is usually done once every 3-5 years or when material developments in the (external or internal) environment give rise to an earlier re-assessment. Yearly assessments are made in the first half of the year whether to adjust the strategy for developments in the past year and/or revised assumptions on the future. Setting (and adjusting) the risk appetite is inextricably part of strategy setting (and adjusting).

System of governance continued

Risk Assessment
Key to the ORSA is the identification of potentially solvency threatening risks by the management board, given their strategy and risk appetite. Basis for this risk assessment is NN Group's risk taxonomy. Modelled risks are subject to an appropriateness test (see below) and additional statistical stress testing (see below), both contributing to adequate capitalisation of these risks. Focus is therefore on non-modelled risks.

Appropriateness test of regulatory capital calculation
The assumptions and models for calculating regulatory solvency requirements are assessed against the actual risk profile. Differences are analysed in terms of future model improvements and/or non-modelled risks. The outcome of the analysis may lead to mitigating actions to overcome model shortcomings. If the deviations or uncertainties are considered material, quantification of the deviation is necessary in order to consider a (temporary) self-imposed capital add-on.

Capital and capital projections
The recognition and valuation bases for internal capital projections are the same as those used for regulatory solvency reporting and consistent with the best-estimate assumptions and parameters used for the Business Plan best estimate financial forecasts, among others the yearly updated Macro Economic Scenario.

The Actuarial function is to confirm that the base-case and projected technical provisions represent a true and fair view of future liabilities. The Actuarial function also provides input concerning the risks arising from the calculation of technical provisions.

Regulatory solvency is at the heart of the ORSA: Delta Lloyd Schadeverzekering must ensure that it is able to meet regulatory required solvency ratios. In addition, Delta Lloyd Schadeverzekering assesses:

- The quantity and quality of Own Funds over the Business Plan period
- The composition of Own Funds across tiers and how this composition may change as a result of redemption, repayment and maturity dates during the Business Plan period

As -in principle- only NN Group raises capital in the financial markets.

Stress testing and overall assessment of capital adequacy
Based on the Business Plan and the outcomes of the ORSA risk assessment, (reverse) stress scenarios and their parameters are developed and documented. The Management Board is responsible for identifying the key uncertainties and the related scenarios.

Scenario testing, as well as (reverse) stress testing are required for each ORSA. When the outcomes of performed stress tests show solvency ratios dropping below 100%, realistic strategies for recovering solvency ratios will be considered and documented in the ORSA report. One of the management actions is a capital downstream to restore solvency ratios.

Ultimately, after all assessments and considerations (including formulated management actions) the ORSA is to conclude whether, going forward, the entity concerned is adequately capitalised under a wide range of scenarios over the planning horizon.

B.4 The Internal control system
Reference is made to Note 2.7.1 'Risk management' of the 2017 Financial statements of Delta Lloyd Schadeverzekering for a description of the implementation of the Internal control system.

B.5 Internal audit function
Reference is made to Note 2.7.1 'Risk management' of the 2017 Financial statements of Delta Lloyd Schadeverzekering for a description of the implementation of the internal audit function.

B.6 Actuarial function
Reference is made to Note 2.7.1 'Risk management' of the 2017 Financial statements of Delta Lloyd Schadeverzekering for a description of the implementation of the actuarial function.

System of governance continued

B.7 Outsourcing

External Outsourcing arrangements

NN Group outsourced part of its IT processes to external service providers. There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with these providers.

For these external outsourcing arrangements written service level agreements are in place, setting out:

- The mutual rights and obligations of the parties
- The duties and responsibilities of all parties involved
- The Service Provider's commitment to comply with applicable local laws and regulatory requirements, applicable to the outsourced function or activity and to cooperate with the Outsourcing Entity's relevant supervisory authority with regard to the outsourced function or activity
- The Service Provider's obligation to disclose any development which may have a material impact on its ability to carry out the outsourced functions and activities effectively and in compliance with applicable laws and regulatory requirements
- That the Service Provider and the Outsourcing Entity can only terminate the contract with a notice period and that this notice period is to be defined yearly by both parties
- That the Outsourcing Entity is able to terminate the arrangement for outsourcing where necessary without detriment to the continuity and quality of its provision of services to policy holder and other clients
- That the Outsourcing Entity reserves the right to be informed about the outsourced functions and activities and their performance by the Service Provider as well as a right to issue general guidelines and individual instructions at the address of the Service Provider, as to what has to be taken into account when performing the outsourced functions or activities

Intra-group Outsourcing arrangements

In the normal course of business, NN Group entities enter into various transactions with entities within the Group. Transactions with entities within the Group take place on an arm's length basis and include distribution agreements, human resources-related arrangements and rendering and receiving of services. There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances within the Group.

All intra-group transactions are conducted under market-consistent conditions. Included in the intra-group transactions were the following:

- Facility services carried out by group companies for insurance and other entities
- Various other shared services, including finance and information technology, carried out by group companies for insurance and other entities
- Staff of the insurance entities within NN Group in the Netherlands is employed by NN Insurance Personeel B.V. and Delta Lloyd Services B.V. Delta Lloyd Schadeverzekering is charged for its staff expenses by NN Insurance Personeel B.V. and Delta Lloyd Services B.V. under a service level agreement. Although these costs are not paid out in the form of salaries, they do have the character of staff expenses and they are therefore recognised as such. A staff provision for holiday entitlement and bonuses is recognised at NN Insurance Personeel B.V. and Delta Lloyd Services B.V. Actual spending is charged to the Delta Lloyd Schadeverzekering as per the contract with NN Insurance Personeel B.V. and Delta Lloyd Services B.V.
- Transactions between NN Group and Delta Lloyd Schadeverzekering concerning the payment of tax, as NN Group heads the fiscal unity in the Netherlands
- The transactions in financial instruments, namely shares, bonds, loans (excluding mortgage loans) and derivatives, are conducted via a management agreement with NN Investment Partners B.V. and DLAM Holding B.V. NN Investment Partners B.V. makes use of Nationale-Nederlanden Interfinance B.V. for the execution of the transactions involving derivatives

For intra-group outsourcing arrangements, a written service level agreement is normally in place similar to the one used for external service providers.

B.8 Any other information

Reference is made to the section 'Corporate Governance' in the 2017 Annual report of Delta Lloyd Schadeverzekering and the NN Group website: https://www.nn-group.com/Who-we-are/Corporate-governance/Corporate-governance.htm for other material information regarding the system of governance of Delta Lloyd Schadeverzekering and NN Group.

Risk profile

C. Risk Profile

Introduction

This chapter of the SFCR contains information on the risk profile of Delta Lloyd Schadeverzekering and information on the 'prudent person principle' used when investing.

Risk profile per risk category

Reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for quantitative and qualitative information on the risk profile per risk category. The following risk categories have been disclosed:

C.1 Non-market risk (Underwriting risk)

Non-Market risk is disclosed as insurance risk and business risk in Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

C.2 Market risk

Market risk is disclosed in Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

C.3 Counterparty risk (Credit risk)

Counterparty Default risk is disclosed in Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

C.4 Liquidity risk

Liquidity risk is disclosed in Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

C.5 Operational risk

Operational risk is disclosed in Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

C.6 Other material risks

Business conduct risk

Business conduct risk is the risks related to unethical or irresponsible corporate behaviour, inappropriate employee behaviour and customer suitability of products. For more details reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Concentration risks

Delta Lloyd Schadeverzekering manages concentration risk with a limit structure. More information on the mitigation of several types of concentration risk is included in Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Investing assets in accordance with the 'Prudent person principle'

Acceptable investments

Delta Lloyd Schadeverzekering complies with the prudent person principles as set out in Directive 2009/138/EC/article 132: Prudent person principle. NN Group maintains a Global Asset List, which contains all asset classes in which subsidiaries of NN Group are allowed to invest. Before an asset class is approved for this list, a New Investment Class Approval & Review Procedure ('NICARP') must be followed.

The NICARP should describe all relevant considerations on return, risk and operational consequences that are relevant to the decision whether a Business Unit of NN Group should invest in the proposed investment class.

The NICARP request does not describe a specific transaction, but is a proposal for the potential investment in an investment class. The NICARP should nevertheless address the quantitative impact of potential future investments and include proposed portfolio limits for the product. This should always be in line with NN Group internal policies as well as external constraints (such as regulatory limits).

Governance of investments

Within the three lines-of -defence model, investments are managed in the first line in close cooperation with NN Investment Office, reporting directly to the CFO of Delta Lloyd Schadeverzekering. The second line function reports to the CRO of Delta Lloyd Schadeverzekering. All stakeholders regularly meet in the Asset and Liability Committee ('ALCO') for discussing the most material issues. ALCO is involved in (but not limited to) oversight of market and investment risk taking, the definition of an investment strategy applicable to certain mandates and/or local financial markets, discussing quarterly figures and insights in interventions before end of quarter and capital position, risk metrics and balance sheet. Operational activities regarding investments are performed by NN Group's Business Unit NN Investment Partners, which also provides (unsolicited) advice on proposed or current investments.

Risk profile continued

All investment related activities are performed within the boundaries as set by NN Group. These include among others the following:

- Asset Class Standard (NICARP)
- Investment Management Policy
- Concentration Risk Standard
- ALM policy
- Financial Regulations Standard
- Responsible Investment framework policy

Investment Office
Based on market views, local Business Unit requirements, input from its assets managers, the Investment Office, which is headed by the Chief Investment Officer will:

- Propose Investment Strategies for NN Group as well as for Delta Lloyd Schadeverzekering
- Prepare proposals for mandates and for delegated approval levels for the Asset Managers
- Prepare Performance Measurement Guidelines of all investment decisions taken under the delegated approval authorities

NN Investment Partners prepares a market view, proposes investment ideas based on market developments and Business Unit requirements and makes investment decisions within allocated limits/thresholds. NN Investment Partners executes the Performance Measurement Guidelines as prepared by the Investment Office.

Sensitivity analysis
Reference is made Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for a description of the methods used, the assumptions made and the outcome of stress testing and sensitivity analysis for material risks and events.

Other material risks
Reference is made to the section 'Report of the Management Board' in the 2017 Annual report of Delta Lloyd Schadeverzekering for any other information on any other material risks.

Risk exposure from off-balance sheet positions and transfer of risk to special purpose vehicles
Reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering regarding the risk exposure of Delta Lloyd Schadeverzekering, including the exposure arising from off-balance sheet positions and describing the measures used to assess these risks.

As at 31 December 2017, no material risks were transferred to special purpose vehicles outside Delta Lloyd Schadeverzekering.

C.7 Any other information relevant to the risk profile of Delta Lloyd Schadeverzekering
Techniques used for mitigation of risks
Reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for a description of the techniques used for mitigating risks and the processes for monitoring the continued effectiveness of these risk mitigation techniques.

Valuation for Solvency purposes

D. Valuation for Solvency Purposes

Introduction

This chapter of the SFCR contains information on the valuation for solvency purposes of assets, insurance liabilities and other liabilities of Delta Lloyd Schadeverzekering and explains the differences with their valuations in the Delta Lloyd Schadeverzekering 2017 Financial statements.

Reconciliation IFRS Balance sheet to Solvency II Balance sheet

As at 31 December 2017. In EUR thousand	IFRS	Presentation differences	Valuation differences	Solvency II
Assets				
Goodwill	3,047		-3,047	
Deferred acquisition costs	36,982		-36,982	
Deferred tax assets	24,192		-15,043	9,149
Securities	1,747,125	16,987		1,764,111
Derivatives	407			407
Loans and receivables at amortised cost	207,582	8,360	12,924	228,867
Reinsurance contracts	121,173		-23,130	98,042
Other assets	283,347	-25,347		258,000
Cash and cash equivalents	14,436			14,436
Total assets	**2,438,291**		**-65,278**	**2,373,013**
Equity				
Shareholders' funds	**240,489**		**44,456**	**284,945**
Total equity / Excess of assets over liabilities	**240,489**		**44,456**	**284,945**
Liabilities				
Insurance liabillities	1,891,364		-115,993	1,775,372
Provisions for other liabilities	6,264			6,264
Subordinated debt	130,000	3,730	6,259	139,989
Derivatives	1,817			1,817
Other liabilties	168,356	-3,730		164,626
Total liabilities	**2,197,801**		**-109,733**	**2,088,068**
Total equity and liabilities	**2,438,291**		**-65,278**	**2,373,013**

Reference is made to the 2017 Financial statements of Delta Lloyd Schadeverzekering for more detailed information on the IFRS Balance sheet. Reference is made to QRT S.02.01.02 'Balance sheet' in the Appendix for the full Solvency II Balance sheet. The values in these tables may differ from those included in Note 2.7.1 'Risk Management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering due to classification and valuation differences to reflect a risk management view.

The valuation and presentation differences between IFRS and Solvency II resulting from differences in accounting principles and methods are explained in the sections below. For items where no valuation difference occurred, reference is made to Note 2.6 'Accounting policies' and Note 2.7.25 'Fair value of financial assets and liabilities' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for a description of the bases, methods and main assumptions used for their valuation.

The presentation differences relate to the presentation of accrued interest. The most important valuation differences are related to loans and technical provisions. Details of these and other valuation differences are included in Section D.1- D.3 below.

D.1 Assets

Accounting principles, methods and main assumptions used

In general, Solvency II valuation requires a market consistent approach to the valuation of assets and liabilities. The default reference framework for valuing assets and liabilities, other than technical provisions, is IFRS as endorsed by the European Union ('IFRS-EU'). The exception is if the IFRS valuation principle does not reflect a market consistent valuation (e.g. amortised cost). For main assumptions used in fair valuing assets, reference is made to Note 2.7.25 'Fair value of financial assets and liabilities' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Goodwill

Goodwill and Value of Business Acquired ('VOBA') are not recognised for Solvency II purposes.

Valuation for Solvency purposes continued

Deferred acquisition costs
Deferred Acquisition Costs are not recognised for Solvency II purposes.

Deferred taxes
In the IFRS balance sheet, deferred taxes, other than deferred tax assets arising from the carry forward of unused tax credits and the carry forward of unused tax losses, are valued on the basis of the difference between the tax bases of assets and liabilities and their carrying values. A positive value to deferred taxes is only attributed where it is probable that future taxable profit will be available against which the deferred tax asset can be used, taking into account any legal or regulatory requirements on the time limits relating to the carry forward of unused tax losses or credits.

Reference is made to Note 2.7.19 'Income taxes' of the 2017 Financial statements of Delta Lloyd Schadeverzekering for more information on the origin of the recognition of deferred tax assets and the amount and expiry date of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the IFRS balance sheet.

In the Solvency II balance sheet, deferred tax assets and liabilities are recognised and valued in conformity with IFRS. However, the differences in valuation of assets and liabilities as set out in sections D.1 'Assets', D.2 'Technical provisions' and D.3 'Other liabilities' result in an decrease of EUR 15,043 thousand of deferred tax assets recognised in the Solvency II balance sheet as at 31 December 2017.

Securities and derivatives
In the IFRS balance sheet, securities and derivatives are reported at fair value. In the Solvency II balance sheet, securities and derivatives are reported at market value. There are no significant valuation differences between IFRS and Solvency II for securities and derivatives as fair value generally equals market value. Presentation differences of EUR 16,987 thousand as at 31 December 2017 are caused by presentation of accrued interest as part of the securities, instead of a separate presentation as accrual under IFRS. Solvency II requires accrued interest to be presented as part of the securities ('dirty market value') and not separately as other assets as in the 2017 Financial statements of Delta Lloyd Schadeverzekering ('clean market value').

Loans
In the IFRS balance sheet, loans are reported at amortised cost. In the Solvency II balance sheet, loans are reported at market value. For loans that are repriced frequently and have had no significant changes in credit risk, the carrying values in the 2017 Financial statements of Delta Lloyd Schadeverzekering represent a reasonable estimate of the market value for Solvency II. For other loans the market value is estimated by discounting expected future cash flows using a discount rate that reflects credit risk, liquidity and other current market conditions. The market value of mortgage loans is estimated by taking into account prepayment behaviour. Loans with similar characteristics are aggregated for calculation purposes.

Valuation differences between IFRS and Solvency II for loans represents the difference between amortised cost and market value of EUR 12,924 thousand as at 31 December 2017. Presentation differences of EUR 8,360 thousand as at 31 December 2017 are caused by the different presentation of accrued interest. Solvency II requires accrued interest to be presented as part of the loans ('dirty market value') and not separately as other assets as in the 2017 Financial statements of Delta Lloyd Schadeverzekering ('clean market value').

Reinsurance contracts
Reference is made to section D2 'Technical provisions' of this SFCR.

Other assets
In the IFRS balance sheet, other assets are reported at their notional amounts. In the Solvency II balance sheet, other assets (with the exclusion of deferred taxes) are reported at market value.

Presentation differences of EUR 25,347 thousand as at 31 December 2017 consist of the different presentation of accrued interest. Solvency II requires accrued interest to be presented as part of the interest bearing investments ('dirty market value') and not separately as other assets as in the 2017 Financial statements of Delta Lloyd Schadeverzekering ('clean market value').

Cash and cash equivalents
In the IFRS balance sheet, cash and cash equivalents are reported at the notional amount. In the Solvency II balance sheet, cash and cash equivalents are reported at market value. There are no significant valuation differences between IFRS and Solvency II for cash and cash equivalents as the market value is not significantly different from the notional value.

Changes in valuation bases
During 2017, no material changes were made to the recognition and valuation bases, or estimations used, in the measurement of assets on the Solvency II balance sheet.

Valuation for Solvency purposes continued

D.2 Technical provisions ('Insurance contracts')

Value of the technical provisions

The value of technical provisions, including the amount of the Best Estimate of Liabilities ('BEL') and the Risk Margin ('RM') is disclosed below separately for each material line of business as at 31 December 2017:

Value of technical provisions by Solvency II Business Line

As at 31 December 2017. In EUR thousand	BEL	Risk margin	Technical provisions
Technical provision by Solvency II Business line:			
1. Non-Life	932,424	41,054	973,478
2. Health similar to Non-Life	37,642	1,666	39,308
3. Health similar to Life	730,266	32,319	762,585
Total	**1,700,332**	**75,039**	**1,775,372**

Bases, methods and main assumptions used for solvency valuation

Technical Provisions are measured for Solvency II purposes as the sum of the BEL and a RM. The BEL is equal to the probability-weighted average of the present value of the future liability cash flows. The RM is defined as the amount that an empty (re)insurance entity is expected to require in excess of the BEL in order to take over and meet the (re)insurance obligations.

Best estimate of liabilities

Delta Lloyd Schadeverzekering uses cash flow models and best estimate assumptions to determine the BEL under Solvency II. Premiums, benefits, expenses and other relevant cash flows are projected for the policy term – subject to contract boundaries – and discounted at the currency specific risk-free interest rate term structure to allow for financial risk with currency specific Credit Risk Adjustments ('CRA') and country specific Volatility Adjustment ('VOLA'). This is the full-cash flow approach and is typical for traditional business. Cash flows are projected on a combination of per policy basis and portfolio level.

Cash flows are projected deterministically since Delta Lloyd Schadeverzekering does not have material embedded options or guarantees.

The cash flow projections used in the calculation of the BEL are based on the best estimate assumptions. The cash flow projection reflects the expected realistic future demographic, legal, medical, technological, social, environmental and economic developments that will have a material impact on the BEL.

Basicly, the assumptions, methods and resulting cash flows of the BEL used for IFRS and Solvency II valuation are equal. Differences in valuation relate to:

- discounting (P&C is not discountend for IFRS purposes) and
- the inclusion of the EPIFP provision under Solvency II

This is further elaborated in the Actuarial Function Report prepared by the local Actuarial Function Holder ("AFH').

Delta Lloyd Schadeverzekering reports a relatively small portion of unmodelled Technical Provisions. This relates to the EPIFP of Volmacht. Based on Earned premium this provision is scaled. The AFH has provided an opinion that this approach is acceptable given the materiality of this part of the Technical Provisions.

Reinsurance and other recoverables

The BEL are estimated gross, without deduction of the amounts recoverable from reinsurance contracts. The amounts recoverable from reinsurance contracts and expected losses due to counterparty default are calculated separately. The principles used to calculate the amounts recoverable are consistent with those underlying the calculation of the gross BEL.

Risk margin

In addition to the BEL a RM is held to allow for non-hedgeable market and non-market risks. The calculation of the RM is performed by using a driver approach. Long-Term Guarantee ('LTG') measures are excluded from the discounting, when calculating the RM.

With the driver approach, the relevant sub-risk SCRs are projected using appropriate risk drivers, multiplied by the cost of capital of 6%, then discounted at the relevant risk free rate term structure. The sub-risk market value margins are aggregated using the relevant diversification factors. Note that this is a simplification as Solvency II requires the individual SCRs to be diversified at each future point in time.

Valuation for Solvency purposes continued

Assumptions

Non-financial assumptions

Best estimate assumptions are set for expenses, mortality, morbidity and other relevant insurance risks using historical experience of the insurance portfolio. Assumptions are reviewed by Delta Lloyd Schadeverzekering at least annually and submitted to the Model Committee ('MoC') for approval, following Delta Lloyd Schadeverzekering's model governance.

Policyholder behaviour regarding lapses, are taken into account subject to the boundaries of the contracts.

Boundaries of insurance contracts for all products except Individual Disability are set equal to the contract term. For Individual Disability policies, this approach is justified by taking the 'en bloc' practices of Delta Lloyd Schadeverzekering into account.

Financial assumptions

Delta Lloyd Schadeverzekering follows EIOPA requirements in determining the basic risk-free rates and the VOLA to determine the relevant currency specific risk free rate term structure for valuation of Technical Provisions. Because EIOPA curves are not available in time for Delta Lloyd Schadeverzekering to start their valuations, Delta Lloyd Schadeverzekering follows NN Group using the EIOPA methodology to independently produce the curves. These are then compared to the published EIOPA curves when these are made available to ensure consistency between the EIOPA and the Delta Lloyd Schadeverzekering manufactured curves. At year-end 2017, the EIOPA and Delta Lloyd Schadeverzekering curves were consistent.

Changes in assumptions

During 2017, best estimate assumptions were reviewed and updated where necessary. No material assumption changes were implemented.

Options and guarantees

Delta Lloyd Schadeverzekering does not have material options and guarantees in the insurance liabilities.

Level of Uncertainty

For the level of uncertainty associated with the value of the technical provisions, reference is made to the Own funds at risk -Insurance risk in Note 2.7.1 'Risk Management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Main differences between IFRS and Solvency II valuation of technical provisions

As at 31 December 2017. In EUR thousand	IFRS	Valuation differences	Solvency II
Technical provision by Solvency II Business line:			
1. Non-Life	1,063,782	-90,303	973,478
2. Health similar to Non-Life	49,684	-10,376	39,308
3. Health similar to Life	777,899	-15,314	762,585
Total	**1,891,364**	**-115,993**	**1,775,372**

Summary of main differences between IFRS and Solvency II as at 31 December 2017

At 31 December 2017, the valuation differences between the insurance and investment contracts recognised in the IFRS balance sheet and the technical provisions recognised in the Solvency II balance sheet of Delta Lloyd Schadeverzekering amounted to EUR 115,993 thousand. Methods and models used in calculating Solvency II technical provisions and IFRS insurance liabilities differ substantially. The main valuation differences between IFRS and Solvency II are outlined below:

- In accordance with IFRS 4 'Insurance contracts' all insurance contract liabilities are recognised on the basis of local pre-IFRS accounting policies with certain adjustments allowed under IFRS The BEL in Solvency II are calculated as the expected present value of future liability cash flows using best estimate assumptions
- A RM for non-hedgeable risks is added to the BEL to establish the Solvency II technical provisions
- The same interest rates are used for calculation of insurance contracts under IFRS and Solvency II. For Solvency II a risk-free interest rate curve with credit risk and VOLA where applicable is used. A matching adjustment is not applied. For IFRS this interest rate is also used for the Health SLT portfolio. Reserves realting to P&C and Health non-SLT are not discounted.
- The present value of future profits is recognised in Solvency technical provisions but not in IFRS reserves

Matching and volatility adjustment, transitional measures, and transitional risk-free interest rate-term structure

QRT S.22.01.21 'Impact of long term guarantees and transitional measures' in the Appendix provides the quantitative impact of excluding the so-called Long Term Guarantee ('LTG') measures and Transitional measures from own funds and the SCR. QRT S.22.01.21 mandate disclosure of the quantitative impact of excluding:

- Transitional measures in respect of technical provisions
- Transitional measures in respect of interest rates
- Volatility adjustment
- Matching Adjustment

on:

- Technical provisions
- Basic own funds
- Eligible Own Funds to meet Solvency Capital Requirement
- Solvency Capital Requirement

All the elements of which the impact is excluded in this QRT are an integral part of the Solvency II framework. The resulting own funds and SCR should therefore not be seen as a replacement of, or alternative for, the own funds and SCR as determined in accordance with Solvency II. For Delta Lloyd Schadeverzekering, the VOLA is of relevance given its liability profile and its approach to match cash-flows of these liabilities with corresponding fixed income instruments. Transitional measures in respect of technical provisions and interest rates and Matching Adjustment are not applied by Delta Lloyd Schadeverzekering.

Volatility adjustment

Delta Lloyd Schadeverzekering applies the yield curve as published by EIOPA for the calculation of the technical provisions under Solvency II. In line with Solvency II regulations, this yield curve includes a Volatility adjustment component. As at 31 December 2017, the level of the VOLA for the Euro currency was 4 bps.

The application of the VOLA resulted in a reduction of EUR 3,165 thousand in technical provisions, contributing EUR 2,374 thousand (after tax) to Basic own funds as at 31 December 2017. Excluding the VOLA from the calculation of technical provisions would reduce the eligible own funds by EUR 2,374 thousand.

D.3 Other liabilities

Subordinated debt

In the IFRS balance sheet, subordinated debt are reported at amortised cost. In the Solvency II balance sheet, these borrowings are reported at market value, excluding an adjustment for Delta Lloyd Schadeverzekering's own credit risk.

In Solvency II market value, (a change in) the own credit risk is not taken into account. The Solvency II market value of subordinated debt is estimated using discounted cash flows based on interest rates and credit spreads that apply to similar instruments.

Valuation differences between IFRS and Solvency II for Subordinated debt of EUR 6,259 thousand represent the difference between amortised cost and market value, excluding an own credit element.

Other presentation differences include the different presentation of accrued interest. Solvency II requires accrued interest to be presented as part of the interest bearing liabilities ('dirty market value') and not separately as other liabilities as in the 2017 Financial statements of Delta Lloyd Schadeverzekering ('clean market value'). Total presentation differences for subordinated debt amounted to EUR 3,730 thousand as at 31 December 2017.

Other liabilities

In the IFRS balance sheet, other liabilities are reported at the notional amount. In the Solvency II balance sheet, other liabilities (with the exclusion of deferred taxes) are reported at market value.

Presentation differences include the different presentation of accrued interest. Solvency II requires accrued interest to be presented as part of the interest bearing liability ('dirty market value') and not separately as other liabilities as in the 2017 Annual accounts of Delta Lloyd Schadeverzekering ('clean market value'). Presentation differences amounted to EUR 3,730 thousand as at 31 December 2017.

Valuation for Solvency purposes continued

Contingent liabilities and provisions

Part of the other liabilities are the contingent liabilities and provisions. In the IFRS balance sheet, provisions are recognised when:

- An entity has a present obligation (legal or constructive) as a result of a past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- A reliable estimate can be made of the amount of the obligation

In the IFRS balance sheet, provisions are recognised for the amount representing the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Contingent liabilities are not recognised in the IFRS balance sheet. These are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

In the Solvency II balance sheet, all material contingent liabilities are recognised as liabilities for the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate term structure.

Valuation differences between IFRS and Solvency II for contingent liabilities and provisions represent:

- A recognition difference: contingent liabilities are not recognised in the IFRS balance sheet, but are recognised in the Solvency II balance sheet if the exposure can be reliably estimated
- A measurement difference: provisions are measured in the IFRS balance sheet using the best estimate outcome (i.e. the full amount that may be incurred), while Solvency II requires a provision for the probability weighted outcome (i.e. the probability multiplied by the impact of the differences as at 31 December 2017).

For more details on other provisions and contingent liabilities, reference is made to Note 2.7.18 'Provisions for other liabilities', Note 2.7.23 'Contingent assets and liabilities' and Note 2.7.24 'Off-balance sheet positions' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Leasing

Information on operating lease arrangements are recognised in Note 2.7.4 'Details of expenses' and Note 2.7.23 'Contingent assets and liabilities' in the 2017 Financial statements of Delta Lloyd Schadeverzekering. There are no financial lease arrangements within Delta Lloyd Schadeverzekering.

Expected profits in future premiums

For existing business, expected profits included in future premiums are reflected in the technical provisions and therefore contribute to the Own Funds. For more information on the expected profits in future premiums, reference is made to QRT S.23.01.01 'Own funds' as included in the Appendix.

Outflow of economic benefits

For the expected timing of the outflows of economic benefits reference is made to Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering. Uncertainties surrounding the amount or timing of the outflows of economic benefits is described in the Liquidity Risk paragraph in Note 2.7.1 'Risk management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering. The uncertainties in amount or timing of other liability cash flows are low. Deviation risk was not taken into account in the valuation of the other liabilities.

Changes during 2017

No significant changes were made to the recognition and valuation bases nor on estimations of the other liabilities during the reporting period.

D.4 Alternative methods for valuation

Alternative valuation methods used

Alternative valuation methods are used by Delta Lloyd Schadeverzekering to determine the fair value of assets and liabilities if quoted market prices in active markets are unavailable. Reference is made to Note 2.7.25 'Fair value of financial assets and liabilities' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for more information on the valuation approaches used.

D.5 Any other information

Active markets

Information on the criteria used to assess whether markets are active is included in Note 2.6 'Accounting policies' in the 2017 Financial statements of Delta Lloyd Schadeverzekering. The valuation methods used if the markets are inactive are described in Note 2.7.25 'Fair value of financial assets and liabilities'.

Capital management

E. Capital Management

Introduction

This chapter of the SFCR contains information on the capital management of Delta Lloyd Schadeverzekering, including the reconciliation of IFRS equity to Solvency II Own Funds, Delta Lloyd Schadeverzekering's Minimum Capital Requirement ('MCR') and Solvency Capital Requirement ('SCR').

E.1 Own funds

Reference is made to Note 2.7.2 'Capital management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for:

- The objectives, policies and processes employed by Delta Lloyd Schadeverzekering for managing its own funds, including information on the time horizon used for business planning and on any material changes over the reporting period
- The structure, amount and quality of own funds, including the extent to which each material own fund item is available and subordinated, as well as its duration and any other features that are relevant for assessing its quality
- The amount of Eligible Own Funds to cover the SCR and MCR, classified by tiers

Solvency II Basic Own Funds represents the excess of assets over liabilities in the Solvency II balance sheet. It comprises the following items:

- Paid-in ordinary share capital and the related share premium account
- The amount equal to the value of net deferred tax assets
- A reconciliation reserve. The purpose of the reconciliation reserve is to reconcile the value of the above item to the total amount of the excess of assets over liabilities
- Paid-in subordinated liabilities

Delta Lloyd Schadeverzekering did not have ancillary own funds during 2017 or as at 31 December 2017.

Impact of long term guarantees and transitional measures

The quantification of the impact of a change to zero of the volatility adjustment and transitional interest rates on Delta Lloyd Schadeverzekering's financial position, represented by an adjustment on the amount of technical provisions, the SCR, the basic own funds and the Eligible Own Funds is included in Section D.2 and QRT S.22.01.21 'Impact of long term guarantees and transitional measures' in the Appendix.

Items deducted from own funds

Under Solvency II, Own funds are reduced by 'foreseeable dividends, distributions and charges'. This requirement is different from reporting under IFRS where dividends are deducted from equity (and a corresponding liability is recognised) when they are declared.

Recognition of 'foreseeable dividends and distributions' under Solvency II is relevant for Delta Lloyd Schadeverzekering in two circumstances:

1) Dividends

No foreseeable dividends are subtracted from the 31 December 2017 available equity.

2) Coupons on subordinated liabilities

From the equity per 31 December 2017 an amount of EUR 3,730 thousand is subtracted as foreseeable dividend in relation to the subordinated liabilities.

Quantitative explanation of the material differences between IFRS equity and excess assets over liabilities as calculated for solvency purposes is provided further in this section and section D 'Valuation for Solvency Purposes'.

Additional ratios

No additional ratios are disclosed in the Solvency and Financial Condition Report other than the ratios included in QRT S.23.01.01 'Own funds' as included in the Appendix plus those that are included by reference into this report.

Analysis of significant changes in own funds

Reference is made to Note 2.7.2 'Capital management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for an analysis of significant changes in own funds.

The principal loss-absorbency mechanism

During 2017, Delta Lloyd Schadeverzekering had no principal loss-absorbency mechanism in place.

Capital management continued

Reconciliation reserve
The reconciliation reserve equals the total excess of assets over liabilities reduced by the following key elements:

- Paid-in ordinary share capital and related share premium account
- Foreseeable dividends, distributions and charges

The reconciliation reserve is included in QRT S.23.01.01 'Own funds' in the Appendix to this report.

As at 31 December 2017 Delta Lloyd Schadeverzekering has a deduction for foreseeable dividends and distributions and charges of EUR 3,370 thousand.

Reconciliation IFRS equity to Own Funds
Reconciliation IFRS equity to Solvency II Basic Own Funds

In EUR thousand	2017	2016
IFRS Shareholders' funds	240,489	277,159
Elimination of deferred acquisition costs and other intangible assets	-40,029	-47,241
Valuation differences on assets	-10,206	5,352
Valuation differences on liabilities, including insurance and investment contracts	109,733	109,936
Deferred tax effects on valuation differences	-15,043	-15,971
Excess assets/ liabilities	**284,945**	**329,235**
Subordinated debt	139,989	141,956
Foreseeable dividends and distributions	-3,730	
Basic Own Funds	**421,204**	**471,191**

The differences between IFRS Shareholders' Equity in Delta Lloyd Schadeverzekering's 2017 Financial statements and Solvency II Basic Own Funds of Delta Lloyd Schadeverzekering as at 31 December 2017 are mainly caused by:

Valuation differences:

- Goodwill is not recognised under Solvency II
- Intangible assets are not recognised under Solvency II
- Deferred acquisition costs are not recognised under Solvency II as separate balance sheet item
- Loans and advances are measured differently on the IFRS and Solvency II balance sheets
- Reinsurance contracts are measured differently
- Insurance and investment contract liabilities are measured differently
- The other adjustments mainly consist of the change in net Deferred Tax Assets or Deferred Tax Liabilities caused by using different valuations for some Solvency II balance sheet items whilst the tax base of these items remained the same

Reference is made to section D 'Valuation for Solvency Purposes' for more information on the valuation and consolidation differences between IFRS and Solvency II.

Eligibility of Own Funds
Reference is made to Note 2.7.2 'Capital management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for the eligibility of Own Funds of Delta Lloyd Schadeverzekering.

Capital management continued

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement

In EUR thousand	2017	2016
Market risk	84,951	93,010
Counterparty default risk	28,286	41,209
Health underwriting risk	108,420	129,361
Non-life underwriting risk	291,304	302,455
Diversification	-148,842	-171,460
Operational risk	34,795	34,234
Loss absorbing Capacity of Deferred Taxes	-79,587	-83,618
Total Solvency Capital Requirement	**319,328**	**345,191**

Reference is made to QRT S.25.01.21 in the Appendix.

Delta Lloyd Schadeverzekering determined the SCR including:

- Loss-absorbing capacity of deferred taxes ('LAC DT'). Delta Lloyd Schadeverzekering's total loss in a 1-in-200 adverse event would be offset by tax recoveries and these are recognised to the extent to be expected to be recoverable. The determination of LACDT is significantly dependent on various assumptions, such as capitalisation assumptions, the assumed investment returns and the projection period.

Deferred tax under Solvency II
The total deferred tax amount in Solvency II arises from:

- Taxable or deductible temporary differences because the carrying amount of assets or liabilities in the balance sheet differs from the tax base of those assets or liabilities. These differences multiplied by the tax rate are recognised as a net deferred tax liability or a net deferred tax asset (per legal entity) in the balance sheet. Reference is made to section D.1 'Assets' for the deferred tax asset recognised in the Solvency II balance sheet.
- The LAC DT on the SCR.
- Unused tax losses that are available for carry forward for tax purposes.

Not all valuation differences between the tax basis and Solvency II and SCR shocks will lead to deferred tax as certain elements are exempt for tax. For example: valuation differences on certain equity securities and the equity shock in the SCR on these securities do not result in a deferred tax effect when equity returns are exempt from tax. Therefore, these are excluded from the valuation differences and SCR amounts in order to arrive at the deferred tax balances for Solvency II.

The total deferred tax amount for Solvency II is therefore built up in a number of steps:

deferred tax assets on unused tax losses

- +/- deferred tax assets/liabilities from valuation differences between IFRS and tax basis (except for non-taxable items)
- = deferred tax asset/liability in the IFRS balance sheet (deferred tax for IFRS)
- +/- deferred tax assets/liabilities from valuation differences between Solvency II and IFRS (except for non-taxable items)
- = deferred tax asset/liability in the Solvency II balance sheet (deferred tax for Own Funds)
- \+ deferred tax on SCR (LAC DT on the SCR) (except for non-taxable items)
- = total deferred tax amount for Solvency II

The 'total deferred tax amount for Solvency II' represents the deferred tax position that would be reflected in a Solvency II balance sheet that is fully shocked in line with the SCR shock. Any net deferred tax asset/benefit - whether for IFRS, Own Funds or SCR - must be tested for recoverability. The general guidance on assessing recoverability is summarised as follows:

Capital management continued

- Tax assets can only be recognised when it is concluded that their recoverability is probable. This applies to both deferred tax assets from timing differences, deferred tax assets from unused tax losses carried forward and the LAC DT on the SCR.
- Deferred tax assets are recoverable when:
  - There are sufficient deferred tax liabilities relating to the same taxation authority and the same taxable entity. These deferred tax liabilities must be expected to reverse either in the same period as the tax asset or in periods into which a tax loss can be carried back or forward
  - It is probable that the entity will have sufficient taxable profit relating to the same taxation authority and the same taxable entity in the same period as the reversal of the deductible temporary difference (or in the periods into which a tax loss arising from the deferred tax asset can be carried back or forward)
  - Tax planning opportunities are available

Deferred taxes in the IFRS and Solvency II balance sheet are nominal, undiscounted, amounts. Therefore, recoverability testing also only considers nominal, undiscounted, amounts.

Specific guidance applies under Solvency II in respect of item b. ‘Sufficient taxable profit’ as, different from IFRS, this refers to Solvency II based profits (before and after a shock event) and not to regular (IFRS-based) profits.

In order to assess the recoverability of deferred tax, the total deferred tax amount for Solvency II (i.e. deferred tax in the Solvency II balance sheet plus the LAC DT on the SCR) must be equal to or lower than the total recoverable deferred tax amount in a Solvency II environment.

The recoverable amount must be assessed at the legal entity level and may not - except for the Solvency II balance sheet deferred tax asset only - include amounts from other entities in the Group, independent of existing fiscal unities or tax groups. While from a legal, tax and economic perspective the recoverability would benefit from the existence of a fiscal unity, and therefore the benefit from a fiscal unity is ‘real’, the Q&As as published by DNB prohibits reflecting the benefit of a fiscal unity in supporting the LAC DT on the SCR. The fiscal unity may be reflected in supporting the deferred tax asset in the Solvency II balance sheet.

As the total deferred tax amount for Solvency II (i.e. the deferred tax asset that exists in a fully shocked SCR balance sheet) is the highest amount, it acts as starting point for the recoverability test. This total amount reflects the differences between the tax values and the Solvency II values for all assets and liabilities and the tax benefit on the SCR. Only if the total deferred tax is non-recoverable, the recoverability of the deferred tax in Own Funds becomes separately relevant.

NN Group holds the capital buffers for the Group companies. Therefore after a 1-in-200 adverse event Delta Lloyd Schadeverzekering is dependent on recapitalisation from NN Group to continue as a going concern after a shock. The tax recoverability test of Delta Lloyd Schadeverzekering is performed on this basis.

The total recoverable deferred tax amount in a Solvency II environment may come from various sources and includes both recoverability from items that never impact taxable profits and reverse over time as well as sources of profits and losses that would emerge in a Solvency II environment or a Solvency II environment after a SCR-type shock would have occurred. The recoverability is therefore based on an estimation of the total taxable results (including both income and expenses) that is expected to arise in a Solvency II environment after the shock. The sources of recoverability include all components of the estimated future taxable results, irrespective whether these are income (‘profit’) or expense (‘loss’).

The following items may be included in determining the total recoverable deferred tax amount:

- The amount of the risk margin in the technical provision
- Return on capital after the shock
- Reversal of the net effects of the credit-spread shock
- Investment spread in excess of interest accretion on technical provisions and funding costs over their (expected average) remaining duration. Profits from estimated new business
- Net fee income
- Carry-back

Delta Lloyd Schadeverzekering has sufficient recoverable amounts to support the total deferred tax position recognised.

The net deferred tax asset is classified as Tier 3 capital. Tier 3 capital cannot exceed 15% of Delta Lloyd Schadeverzekering's SCR. Futher information on Tiering is included in Note 2.7.2 'Capital management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering.

Capital management continued

Minimum Capital Requirement

In EUR thousand	2017	2016
Eligible Own Funds to cover Minimum Capital Requirements	368,822	437,134
of which Tier 1 unrestricted	272,066	324,854
of which Tier 1 restricted	68,016	81,213
of which Tier 2	28,739	31,067
MCR	**143,697**	**155,336**

For the MCR (and its inputs) as calculated in accordance with the formulas in the Solvency II regulations, reference is made to QRT S.28.01.01 as included in the Appendix.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement
Delta Lloyd Schadeverzekering has not used the duration-based equity risk sub-module during the reporting period.

E.4 Differences between the standard formula and any internal model used
Delta Lloyd Schadeverzekering's SCR is calculated using the Standard Formula.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement
Delta Lloyd Schadeverzekering complied with the MCR and the SCR during the reporting period.

E.6 Any other information
Reference is made to Note 2.7.2 'Capital management' in the 2017 Financial statements of Delta Lloyd Schadeverzekering for any other material information regarding the capital management of Delta Lloyd Schadeverzekering.

Appendix 1

Appendix 1: Quantitative Reporting Templates that form part of the Solvency and Financial Condition Report

This appendix includes certain Quantitative Reporting Templates ('QRTs') of Delta Lloyd Schadeverzekering, required to be reported to DNB and to be publicly disclosed:

Reference number	Title	Description
S.02.01.02	Balance sheet	Balance sheet information using Solvency II valuation methodology
S.05.01.02	Premiums, claims and expenses by line of business	Information on premiums, claims and expenses using the valuation and recognition principles used in NN Group's Consolidated annual report
S.05.02.01	Premiums, claims and expenses by country	Information on premiums, claims and expenses by country using the valuation and recognition principles used NN Group's Consolidated annual report
S.12.01.02	Life and Health SLT Technical Provisions	Information on Life and Health similar to life technical provisions by line of business
S.17.01.02	Non-Life Technical Provisions	Information on Non-life enad Health similar to Non-life technical provisions by line of business
S.19.01.21	Non-Life insurance claims	Information on Non-life Gross Claims paid and Best Estimate provision
S.22.01.21	Impact of long term guarantees and transitional measures	Information on the impact of the long term guarantee and transitional measures
S.23.01.01	Own funds	Information on own funds, including basic own funds
S.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula	Information on the Solvency Capital Requirement calculated using the standard formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity	Information on the Minimal Capital Requirement calculation.

All amounts in this appendix are recorded in EUR thousand.

Appendix 1 continued

S.02.01.02 Balance sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	9,149
Pension benefit surplus	R0050	
Property, plant & equipement held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,764,533
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	1,614,407
Government Bonds	R0140	690,168
Corporate Bonds	R0150	876,409
Structured notes	R0160	1,137
Collateralised securities	R0170	46,693
Collective Investments Undertakings	R0180	149,719
Derivatives	R0190	407
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	228,867
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	109,830
Other loans and mortgages	R0260	119,037
Reinsurance recoverables from:	R0270	94,517
Non-life and health similar to non-life	R0280	91,835
Non-life excluding health	R0290	91,915
Health similar to non-life	R0300	-80
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	2,682
Health similar to life	R0320	2,682
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	14,347
Insurance and intermediaries receivables	R0360	200,045
Reinsurance receivables	R0370	13,072
Receivables (trade, not insurance)	R0380	69,420
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	14,386
Any other assets, not elsewhere shown	R0420	
Total assets	**R0500**	**2,408,337**

Appendix 1 continued

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	1,012,787
Technical provisions – non-life (excluding health)	R0520	973,478
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	932,424
Risk margin	R0550	41,054
Technical provisions - health (similar to non-life)	R0560	39,308
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	37,642
Risk margin	R0590	1,666
Technical provisions - life (excluding index-linked and unit-linked)	R0600	762,585
Technical provisions - health (similar to life)	R0610	762,585
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	730,266
Risk margin	R0640	32,319
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	6,264
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	1,817
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	420
Insurance & intermediaries payables	R0820	160,498
Reinsurance payables	R0830	9,014
Payables (trade, not insurance)	R0840	30,019
Subordinated liabilities	R0850	139,989
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	139,989
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	**R0900**	**2,123,393**
Excess of assets over liabilities	**R1000**	**284,945**

Appendix 1 continued

S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance
		C0020	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Premiums written										
Gross - Direct Business	R0110	83,815	161,680	167,040	53,347	389,819	84,121	0	22,080	15,498
Gross - Proportional reinsurance accepted	R0120	-118	0	0	-2,781	-5,679	147	-1,628	0	0
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	96	816	930	3,067	47,180	1,050	0	24,937	12
Net	R0200	83,601	160,864	166,111	47,499	336,961	83,217	-1,628	-2,857	15,486
Premiums earned										
Gross - Direct Business	R0210	83,787	163,053	171,291	54,573	385,352	85,144	0	22,132	15,526
Gross - Proportional reinsurance accepted	R0220	-91	0	0	-2,781	-925	147	-1,628	0	0
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	96	816	930	3,067	44,777	1,050	0	25,227	12
Net	R0300	83,599	162,237	170,362	48,725	339,650	84,240	-1,628	-3,095	15,514
Claims incurred										
Gross - Direct Business	R0310	51,005	175,077	88,961	27,241	245,043	59,845	0	8,666	8,267
Gross - Proportional reinsurance accepted	R0320	163	21	0	95	4,499	-438	885	0	0
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	0	1,161	1,141	-5,262	10,340	1,220	0	8,574	0
Net	R0400	51,167	173,938	87,820	32,598	239,201	58,187	885	92	8,267
Changes in other technical provisions										
Gross - Direct Business	R0410									
Gross - Proportional reinsurance accepted	R0420									
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers'share	R0440									
Net	R0500									
Expenses incurred	**R0550**	**22,451**	**52,497**	**56,644**	**26,619**	**129,694**	**34,069**	**378**	**-3,763**	**4,566**
Other expenses	R1200									
Total expenses	R1300									

Appendix 1 continued

		Line of Business for: accepted non-proportional reinsurance			Total
		Casualty	Marine, aviation, transport	Property	
		C0140	C0150	C0160	C0200
Premiums written					
Gross - Direct Business	R0110				980,234
Gross - Proportional reinsurance accepted	R0120				-10,059
Gross - Non-proportional reinsurance accepted	R0130	-196	-34	-186	-416
Reinsurers' share	R0140	0	0	0	78,088
Net	R0200	-196	-34	-186	891,672
Premiums earned					
Gross - Direct Business	R0210				983,682
Gross - Proportional reinsurance accepted	R0220				-5,278
Gross - Non-proportional reinsurance accepted	R0230	-196	-34	-186	-416
Reinsurers' share	R0240	0	0	0	75,975
Net	R0300	-196	-34	-186	902,013
Claims incurred					
Gross - Direct Business	R0310				665,157
Gross - Proportional reinsurance accepted	R0320				5,225
Gross - Non-proportional reinsurance accepted	R0330	869	175	310	1,354
Reinsurers' share	R0340	0	0	0	17,173
Net	R0400	869	175	310	654,563
Changes in other technical provisions					
Gross - Direct Business	R0410				
Gross - Proportional reinsurance accepted	R0420				
Gross - Non- proportional reinsurance accepted	R0430				
Reinsurers'share	R0440				
Net	R0500				
Expenses incurred	**R0550**	**221**	**95**	**2,699**	**327,340**
Other expenses	R1200				0
Total expenses	**R1300**				**327,340**

Appendix 1 continued

		Line of Business for: life insurance obligations Health insurance	Total
		C0210	C0300
Premiums written			
Gross	R1410	124,476	124,476
Reinsurers' share	R1420	0	0
Net	R1500	124,476	124,476
Premiums earned			
Gross	R1510	127,292	127,292
Reinsurers' share	R1520	0	0
Net	R1600	127,292	127,292
Claims incurred			
Gross	R1610	79,666	79,666
Reinsurers' share	R1620	0	0
Net	R1700	79,666	79,666
Changes in other technical provisions			
Gross	R1710	0	0
Reinsurers' share	R1720	0	0
Net	R1800	0	0
Expenses incurred	**R1900**	**33,250**	**33,250**
Other expenses	R2500		0
Total expenses	**R2600**		**33,250**

Appendix 1 continued

S.05.02.01 Premiums, claims and expenses by country

		Home Country	Total Top 5 and home country
		C0010	C0070
	R0010		
		C0080	C0140
Premiums written			
Gross - Direct Business	R0110	980,234	980,234
Gross - Proportional reinsurance accepted	R0120	-2,283	-2,283
Gross - Non-proportional reinsurance accepted	R0130	-64	-64
Reinsurers' share	R0140	78,088	78,088
Net	R0200	899,799	899,799
Premiums earned			
Gross - Direct Business	R0210	983,682	983,682
Gross - Proportional reinsurance accepted	R0220	2,498	2,498
Gross - Non-proportional reinsurance accepted	R0230	-64	-64
Reinsurers' share	R0240	75,975	75,975
Net	R0300	910,141	910,141
Claims incurred			
Gross - Direct Business	R0310	665,157	665,157
Gross - Proportional reinsurance accepted	R0320	3,646	3,646
Gross - Non-proportional reinsurance accepted	R0330	1,009	1,009
Reinsurers' share	R0340	17,173	17,173
Net	R0400	652,639	652,639
Changes in other technical provisions			
Gross - Direct Business	R0410	0	0
Gross - Proportional reinsurance accepted	R0420	0	0
Gross - Non- proportional reinsurance accepted	R0430	0	0
Reinsurers'share	R0440	0	0
Net	R0500	0	0
Expenses incurred	**R0550**	**324,830**	**324,830**
Other expenses	R1200		
Total expenses	**R1300**	**324,830**	**324,830**

		Home Country	Total Top 5 and home country
		C0150	C0210
	R1400		
		C0220	C0280
Premiums written			
Gross	R1410	124,476	124,476
Reinsurers' share	R1420	0	0
Net	R1500	124,476	124,476
Premiums earned			
Gross	R1510	127,292	127,292
Reinsurers' share	R1520	0	0
Net	R1600	127,292	127,292
Claims incurred			
Gross	R1610	79,666	79,666
Reinsurers' share	R1620	0	0
Net	R1700	79,666	79,666
Changes in other technical provisions			
Gross	R1710	0	0
Reinsurers' share	R1720	0	0
Net	R1800	0	0
Expenses incurred	**R1900**	**33,250**	**33,250**
Other expenses	**R2500**		**0**
Total expenses	**R2600**		**33,250**

Appendix 1 continued

S.12.01.02 Life and Health SLT Technical Provisions

		Health insurance (direct business)		Health reinsurance (reinsurance accepted)	
			Contracts without options and guarantees		Total (Health similar to life insurance)
		C0160	C0170	C0200	C0210
Technical provisions calculated as a whole	R0010				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020				
Technical provisions calculated as a sum of BE and RM					
Best Estimate					
Gross Best Estimate	R0030		723,161	7,105	730,266
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		2,682	0	2,682
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		720,479	7,105	727,584
Risk Margin	R0100	32,005		314	32,319
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	R0110				
Best estimate	R0120				
Risk margin	R0130				
Technical provisions - total	R0200	755,165		7,420	762,585

Appendix 1 continued

S.17.01.02 Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance
		C0030	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120
Technical provisions calculated as a whole	R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	-7,049	37,856	-4,578	9,115	95,390	6,749	0	-6,854	647
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-80	-491	-666	109	-13,652	-266	0	-3,142	-183
Net Best Estimate of Premium Provisions	R0150	-6,969	38,347	-3,912	9,007	109,042	7,014	0	-3,712	830
Claims provisions										
Gross	R0160	44,691	302,762	34,158	66,799	210,400	134,571	3,771	29,817	3,554
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	12,285	896	34,977	29,541	2,808	0	29,731	0
Net Best Estimate of Claims Provisions	R0250	44,691	290,478	33,262	31,822	180,859	131,763	3,771	86	3,554
Total Best estimate - gross	R0260	37,642	340,619	29,580	75,914	305,790	141,320	3,771	22,963	4,201
Total Best estimate - net	R0270	37,722	328,825	29,349	40,829	289,900	138,778	3,771	-3,625	4,385
Risk margin	R0280	1,666	15,075	1,309	3,360	13,326	6,254	167	1,016	183
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									
Technical provisions - total										
Technical provisions - total	R0320	39,308	355,693	30,889	79,274	319,116	147,574	3,938	23,980	4,384
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-80	11,794	230	35,085	15,889	2,542	0	26,589	-183
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	39,388	343,899	30,658	44,188	303,227	145,032	3,938	-2,609	4,567

Appendix 1 continued

		accepted non-proportional reinsurance			Total Non-Life obligation
		Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050				
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross	R0060	0	0	0	132,133
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	-18,424
Net Best Estimate of Premium Provisions	R0150	0	0	0	150,556
Claims provisions					
Gross	R0160	3,179	729	2,954	837,934
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	0	110,259
Net Best Estimate of Claims Provisions	R0250	3,179	729	2,954	727,675
Total Best estimate - gross	R0260	3,179	729	2,954	970,067
Total Best estimate - net	R0270	3,179	729	2,954	878,232
Risk margin	R0280	141	32	131	42,720
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	R0290				
Best estimate	R0300				
Risk margin	R0310				
Technical provisions - total					
Technical provisions - total	R0320	3,320	761	3,085	1,012,787
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	91,835
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	3,320	761	3,085	920,952

Appendix 1 continued

S.19.01.21 Non-Life insurance claims (Gross claims paid)

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											3,978
N-9	R0160	209,899	174,954	37,296	42,289	16,759	13,026	9,563	5,427	1,211	1,774	
N-8	R0170	217,861	185,923	66,378	24,300	12,670	8,943	8,793	3,923	3,711		
N-7	R0180	242,891	240,295	66,022	20,570	14,241	10,798	10,166	5,087			
N-6	R0190	268,521	258,225	82,508	40,633	22,841	15,412	20,961				
N-5	R0200	281,956	257,717	84,342	39,663	20,899	13,669					
N-4	R0210	254,744	250,442	88,564	31,906	16,704						
N-3	R0220	239,243	226,386	73,502	25,323							
N-2	R0230	251,722	207,939	60,710								
N-1	R0240	330,033	230,902									
N	R0250	286,562										

		In Current year
		C0170
Prior	R0100	3,978
N-9	R0160	1,774
N-8	R0170	3,711
N-7	R0180	5,087
N-6	R0190	20,961
N-5	R0200	13,669
N-4	R0210	16,704
N-3	R0220	25,323
N-2	R0230	60,710
N-1	R0240	230,902
N	R0250	286,562
Total	**R0260**	**669,381**

Appendix 1 continued

S.19.01.21 Non-Life insurance claims (Gross undiscounted best estimate claims provisions)

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											39,730
N-9	R0160									15,474	10,131	
N-8	R0170								10,681	6,825		
N-7	R0180							52,755	13,011			
N-6	R0190						37,746	60,498				
N-5	R0200					61,613	45,073					
N-4	R0210				81,702	57,854						
N-3	R0220			99,631	75,696							
N-2	R0230		168,825	116,741								
N-1	R0240	284,082	186,601									
N	R0250	234,195										

		Year end (discounted data)
		C0360
Prior	R0100	39,263
N-9	R0160	9,975
N-8	R0170	6,666
N-7	R0180	12,720
N-6	R0190	60,297
N-5	R0200	44,574
N-4	R0210	57,147
N-3	R0220	74,836
N-2	R0230	115,358
N-1	R0240	184,906
N	R0250	232,192
Total	**R0260**	**837,934**

Appendix 1 continued

S.22.01.21 Impact of long term guarantees and transitional measures

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero 1)	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	1,680,855			3,165	
Basic own funds	R0020	421,204			-2,374	
Eligible own funds to meet SCR	R0050	421,204			-2,374	
SCR	R0090	319,328			286	
Eligible own funds to meet MCR	R0100	368,822			-3,931	
Minimum Capital Requirement	R0110	143,697			129	

1 This reflects the impact to set the volatility adjustment to zero; it does not reflect second order impacts, such as changes to LAC DT (which is kept constant).

Reference is made to Section D.2 for more information on the impact of long term guarantees and transitional measures.

Appendix 1 continued

S.23.01.01 Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	45,378	45,378			
Share premium account related to ordinary share capital	R0030	470,837	470,837			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-244,149	-244,149			
Subordinated liabilities	R0140	139,989		68,016	71,973	
An amount equal to the value of net deferred tax assets	R0160	9,149				9,149
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	421,204	272,066	68,016	71,973	9,149
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

Appendix 1 continued

Available and eligible own funds						
Total available own funds to meet the SCR	R0500	421,204	272,066	68,016	71,973	9,149
Total available own funds to meet the MCR	R0510	412,055	272,066	68,016	71,973	
Total eligible own funds to meet the SCR	R0540	421,204	272,066	68,016	71,973	9,149
Total eligible own funds to meet the MCR	R0550	368,822	272,066	68,016	28,739	
SCR	R0580	319,328				
MCR	R0600	143,697				
Ratio of Eligible own funds to SCR	R0620	1.32				
Ratio of Eligible own funds to MCR	R0640	2.57				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	284,945
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	3,730
Other basic own fund items	R0730	525,364
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-244,149
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	244
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-8,042
Total Expected profits included in future premiums (EPIFP)	**R0790**	**-7,798**

Appendix 1 continued

S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	84,951		
Counterparty default risk	R0020	28,286		
Life underwriting risk	R0030			
Health underwriting risk	R0040	108,420		
Non-life underwriting risk	R0050	291,304		
Diversification	R0060	-148,842		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	364,120		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	34,795
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-79,587
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	319,328
Capital add-on already set	R0210	
Solvency capital requirement	R0220	
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Appendix 1 continued

S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

		C0010
MCRNL Result	R0010	164,146

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	37,722	83,719
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	328,825	166,111
Other motor insurance and proportional reinsurance	R0060	29,349	160,864
Marine, aviation and transport insurance and proportional reinsurance	R0070	40,829	50,280
Fire and other damage to property insurance and proportional reinsurance	R0080	289,900	345,303
General liability insurance and proportional reinsurance	R0090	138,778	83,071
Credit and suretyship insurance and proportional reinsurance	R0100	3,771	0
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120	4,385	15,486
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1,436	2,833
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150	3,179	0
Non-proportional marine, aviation and transport reinsurance	R0160	729	0
Non-proportional property reinsurance	R0170	2,954	0

		C0040
MCRL Result	R0200	15,279

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	727,584	
Total capital at risk for all life (re)insurance obligations	R0250		

		C0070
Linear MCR	R0300	179,425
SCR	R0310	319,328
MCR cap	R0320	143,697
MCR floor	R0330	79,832
Combined MCR	R0340	143,697
Absolute floor of the MCR	R0350	3,700
		C0070
Minimum Capital Requirement	R0400	143,697

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