VIVAT
FY 2019 Results

VIVAT 2019 at a Glance

Our performance

Gross premium income	Operating expenses	Net underlying result	Solvency II VIVAT	Solvency II SRLEV	Available liquidity holding	Combined Ratio P&C
2,638 mln EUR	366 mln EUR	322 mln EUR	170%	163%	516 mln EUR	91.4%
2018: 2,842mln EUR	**2018:** 370 mln EUR	**2018 :** 242 mln EUR	**2018:** 192%	**2018:** 188%	**2018:** 535 mln EUR	**2018:** 96.8%

Highlights

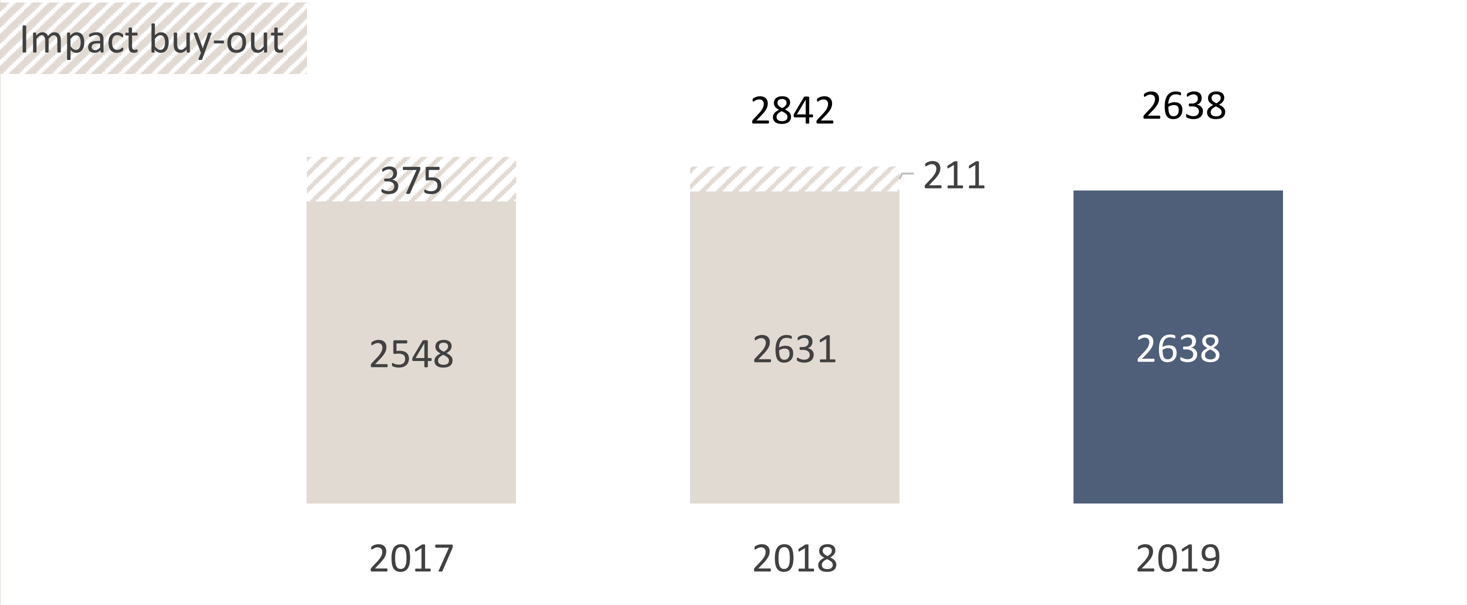
- Net Underlying Result improved to EUR 322 million (2018: EUR 242 million), driven by higher investment income and improved claims ratio of P&C
- Gross premium income (excluding pension fund buy-outs) was stable at EUR 2,638 million. Gross premium income for Life Corporate and Property & Casualty increased
- Total operating costs decreased slightly to EUR 366 million (2018: EUR 370 million)
- Combined ratio significantly improved to 91.4%, reflecting a lower claims ratio (YE18: 96.8%)
- Net Result IFRS increased to EUR 399 million (2018: -/- EUR 282 million) as a result of a decrease in the Liability Adequacy Test (LAT) shortfall including a positive update of operating assumptions by updated expectations relating to mortality
- The contribution of P&C to the Net Result IFRS was EUR 66 million (2018: EUR 16 million) and the contribution of the Net Underlying Result was EUR 45 million (2018: EUR 8 million)

- Solvency II ratio (standard model) of VIVAT NV decreased to 170% (YE18: 192%) mainly as a result of a sharp decrease of the Volatility Adjustment (VA) and a decrease in interest rates
- Solvency II ratio (standard model) of SRLEV NV decreased to 163% (YE18: 188%)
- The ongoing re-risking activities resulted in an increase of the direct investment income by 3%

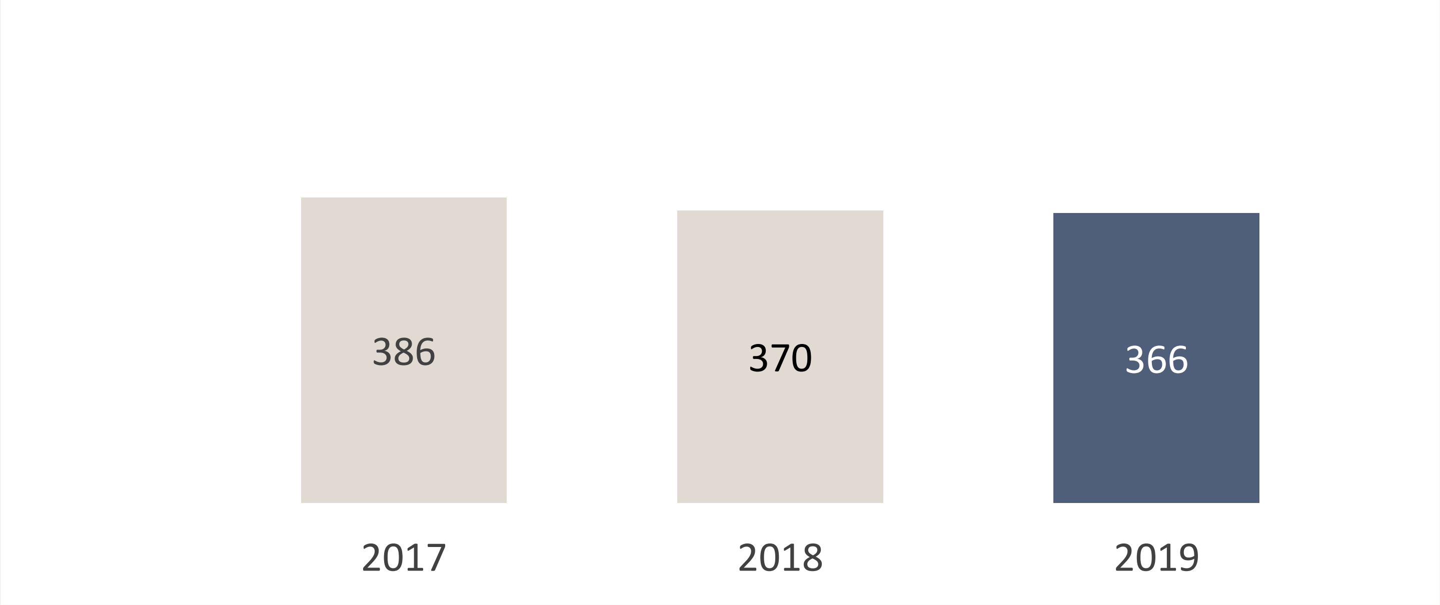
- Extensive preparations for the integration and migration have been executed, making VIVAT ready for the future. The closing of the acquisition by Athora with a follow-on sale of the P&C business to NN Group is expected to take place in the first quarter of 2020, subject to regulatory approvals

VIVAT: Solid financial performance in 2019

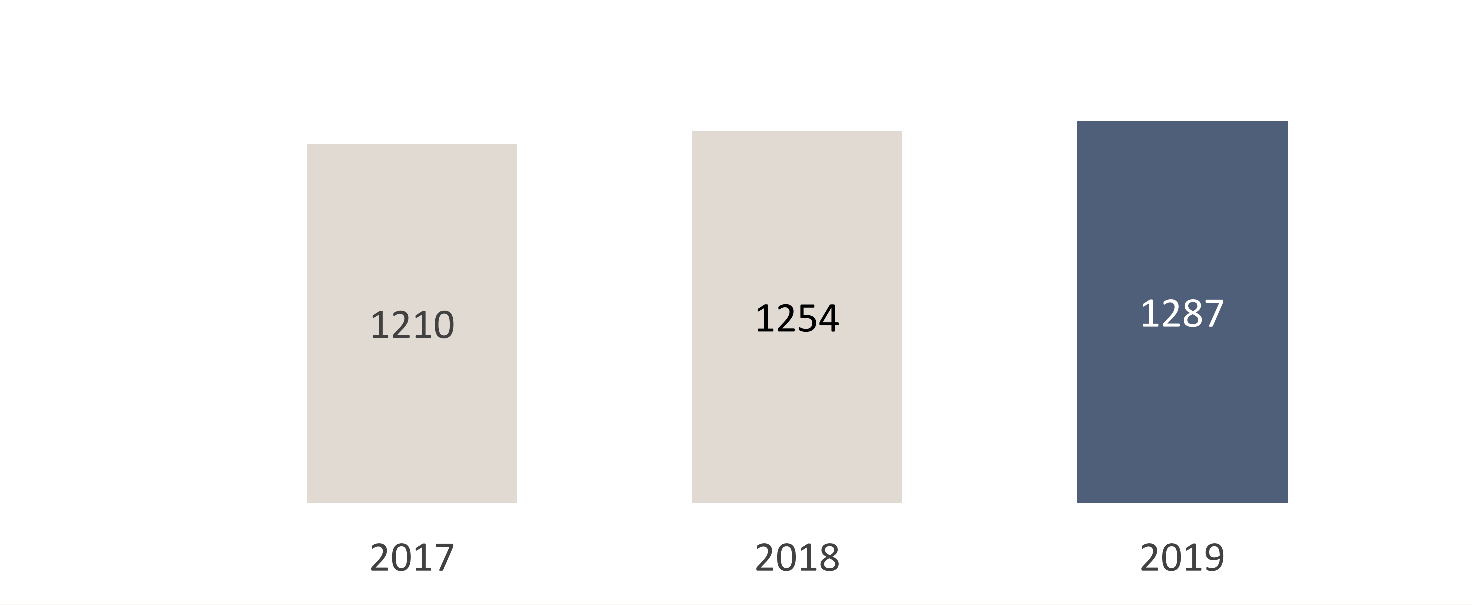
Gross Premiums (€ mln)



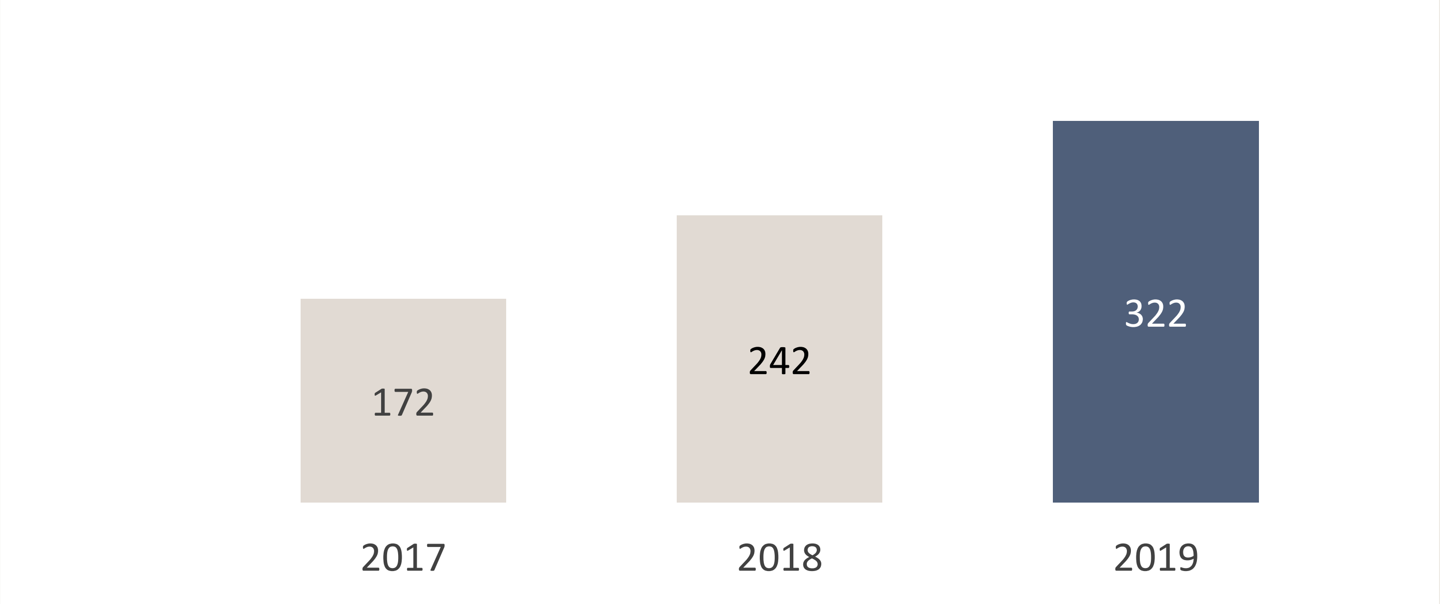
Total Operating Costs (excl. restructuring costs, € mln)



Direct Investment Income (€ mln)

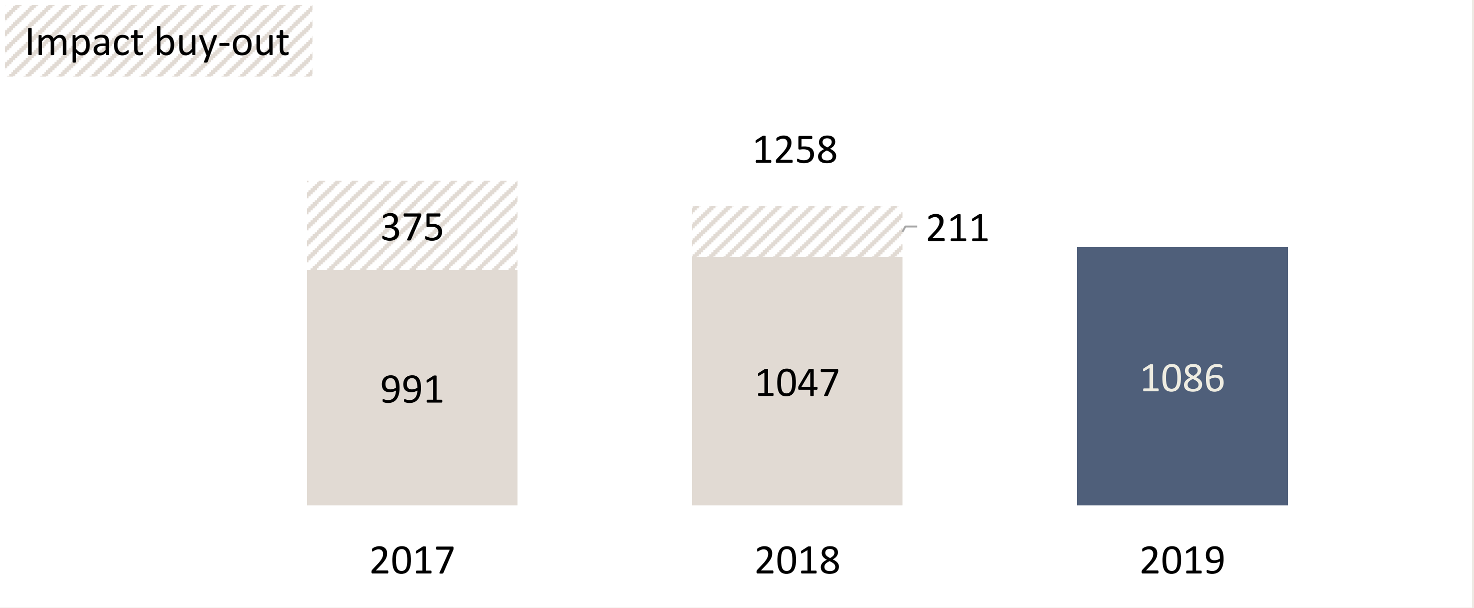


Net Underlying Result (€ mln)

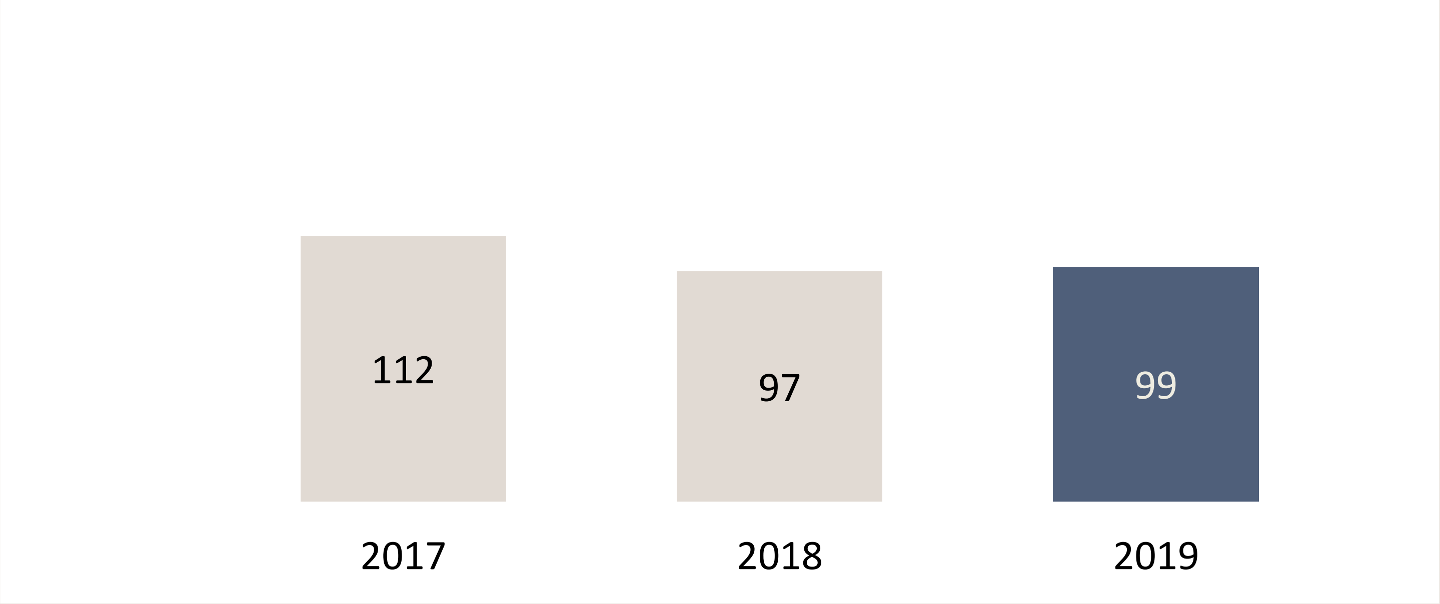


Product Line Life Corporate: Strong commercial and financial performance

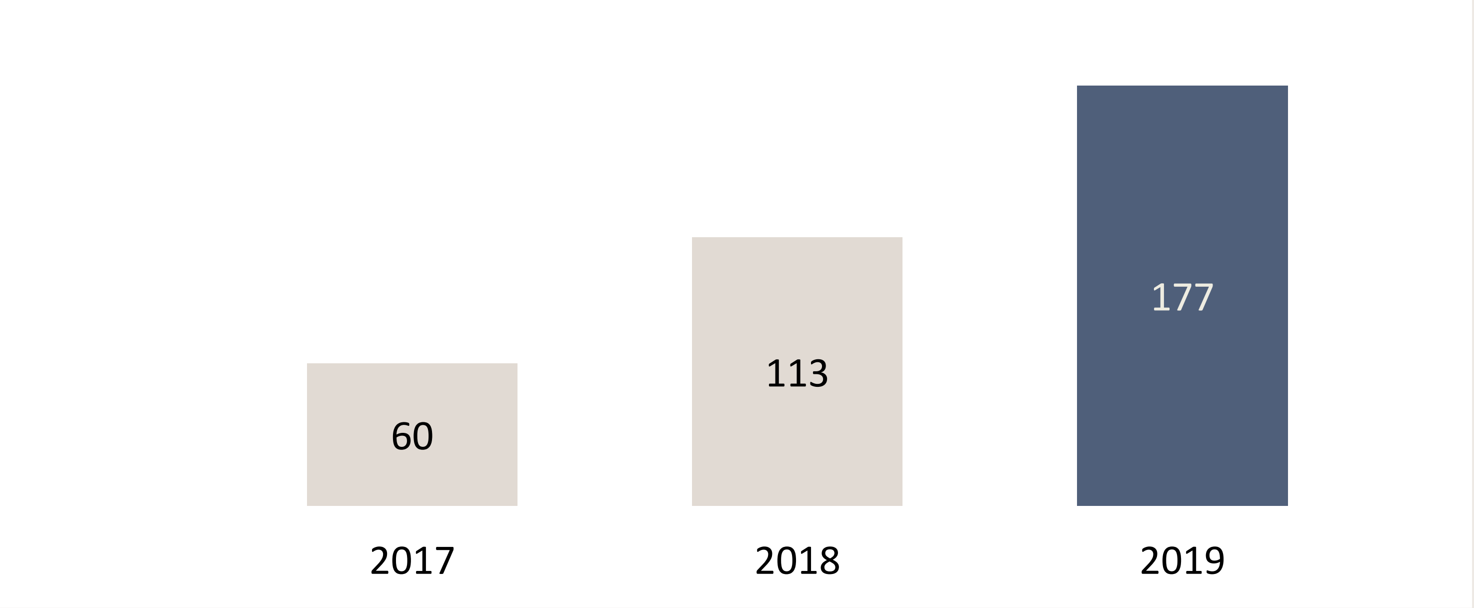
Gross Premiums (€ mln)



Total Operating Costs (excl. restructuring costs, € mln)



Net Underlying Result (€ mln)

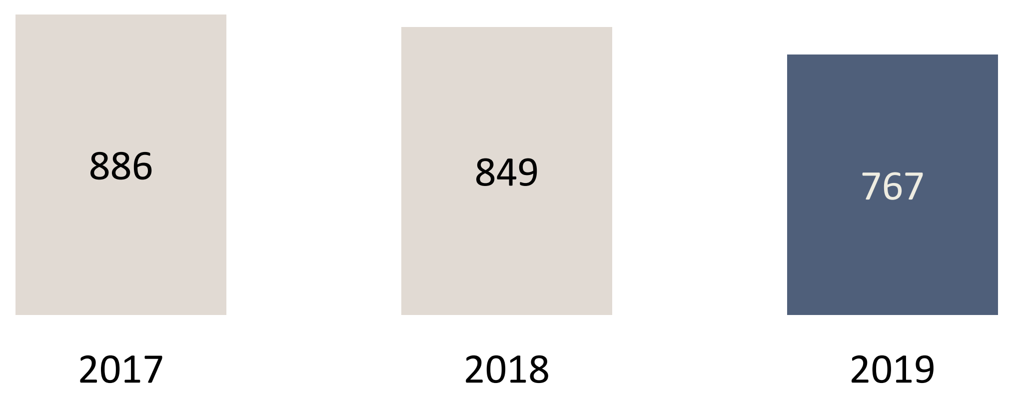


Comments

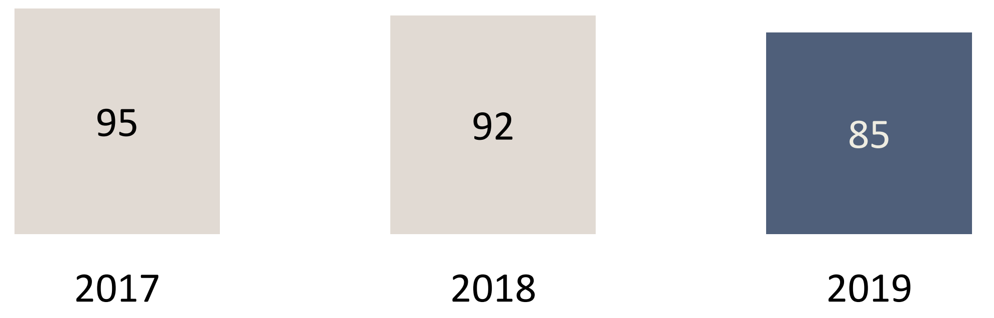
- Life Corporate continued its commercial growth in 2019. Excluding the impact of the buy-outs in 2017 and 2018, gross premium income reached a five-year high at EUR 1.09 billion, a 4% increase compared to 2018. Despite a challenging pension market, total new business also grew in 2019 by 11% to reach EUR 381 million. The retention rate remained stable at over 87%. The annual premium contribution of Zwitserleven PPI reached EUR 144 million, a 47% increase in volume compared to 2018
- The Net Result IFRS increased to EUR 175 million and the NUR increased by 57% to EUR 177 million, primarily driven by the rise in investment income resulting from re-risking of the investment portfolio
- Despite the growth in gross premium income, the operating expenses remained at the level of 2018

Product Line Individual Life: Continuous cost reductions

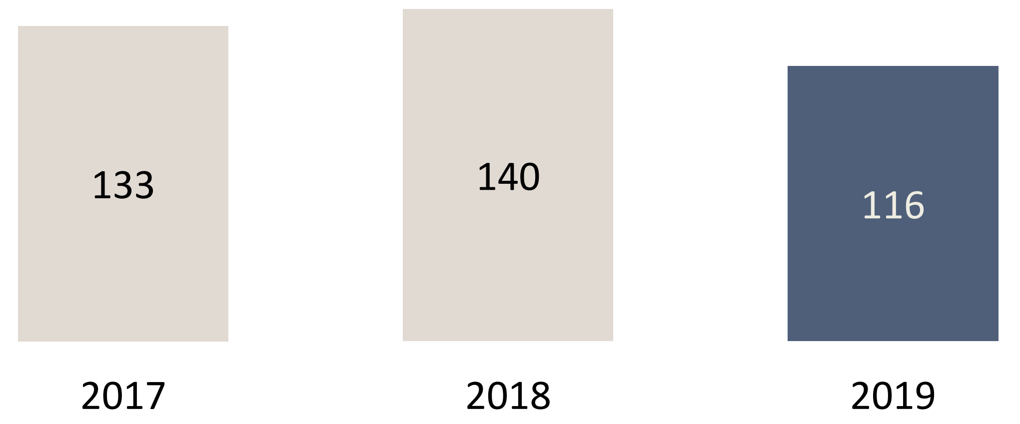
Gross Premiums (€ mln)



Total Operating Costs (excl. restructuring costs, € mln)



Net Underlying Result (€ mln)

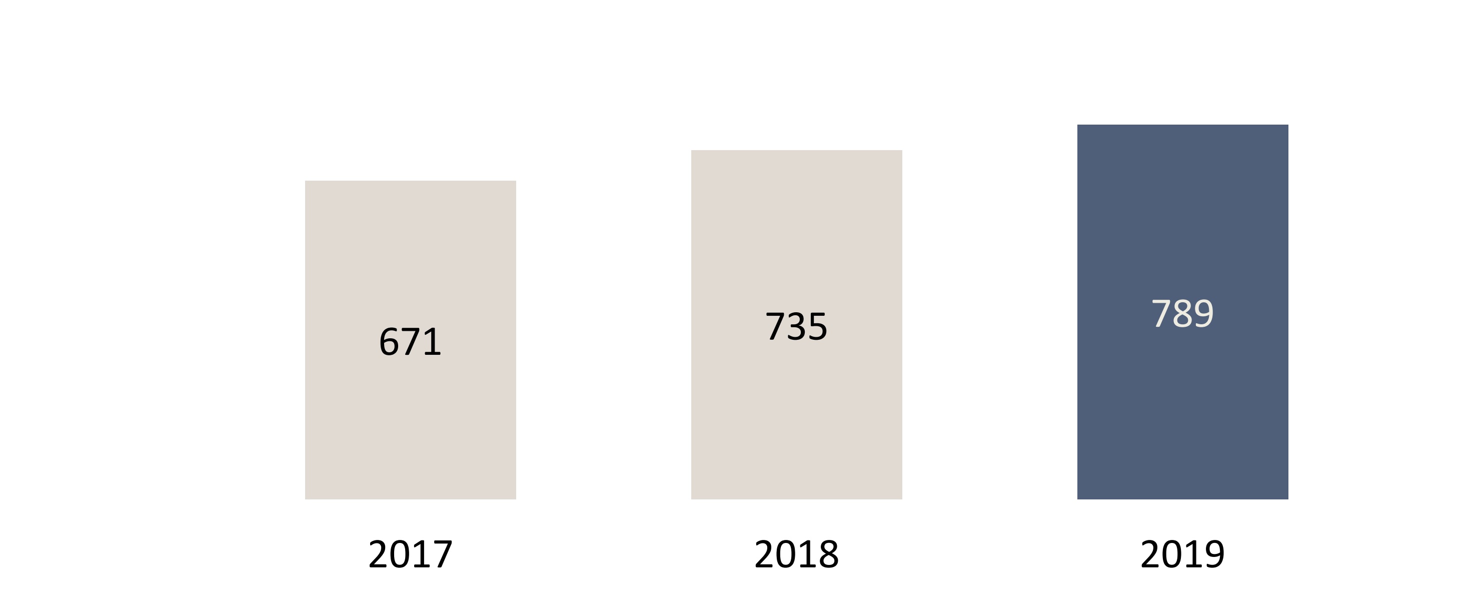


Comments

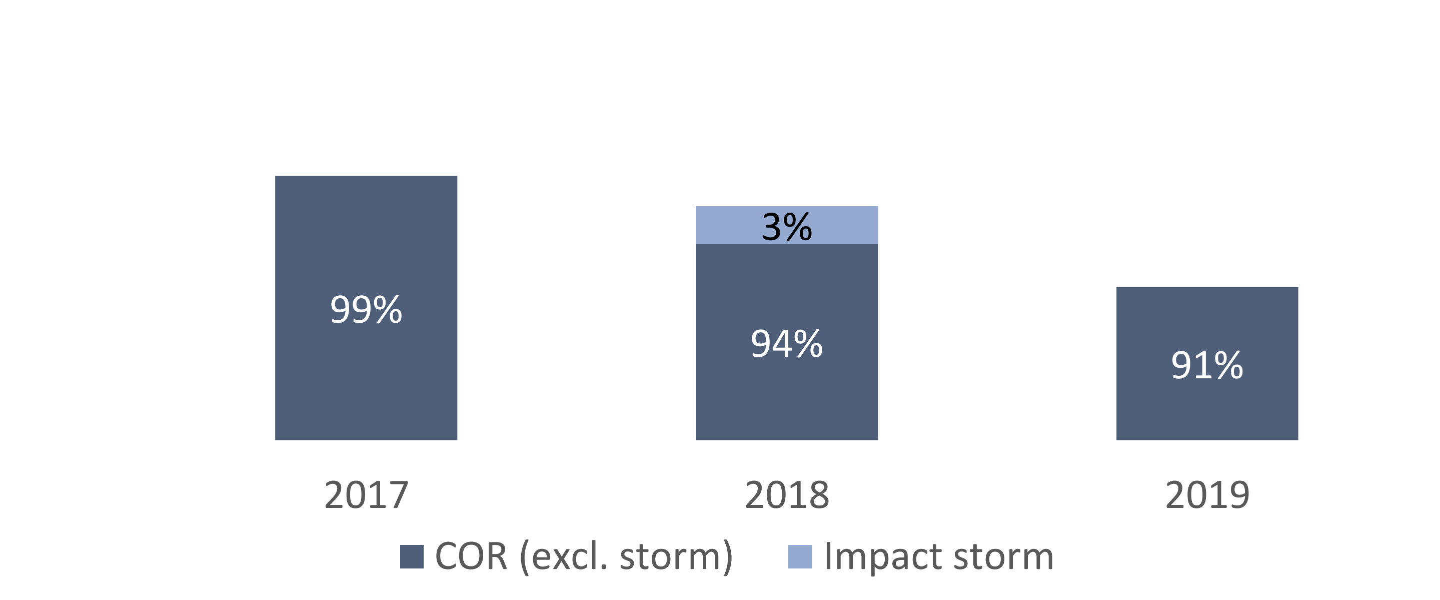
- Gross premium income decreased by 10% mainly as a result of the shrinking individual life market
- Operating expenses were EUR 7 million lower compared to the previous year as a result of further digitalisation efforts
- The Net Underlying Result of EUR 116 million was EUR 24 million lower compared to the previous year, mainly due to a lower direct investment income as a result of a shrinking portfolio in combination with low interest rate environment

Product Line Property & Casualty: Higher premiums and improved claims ratio

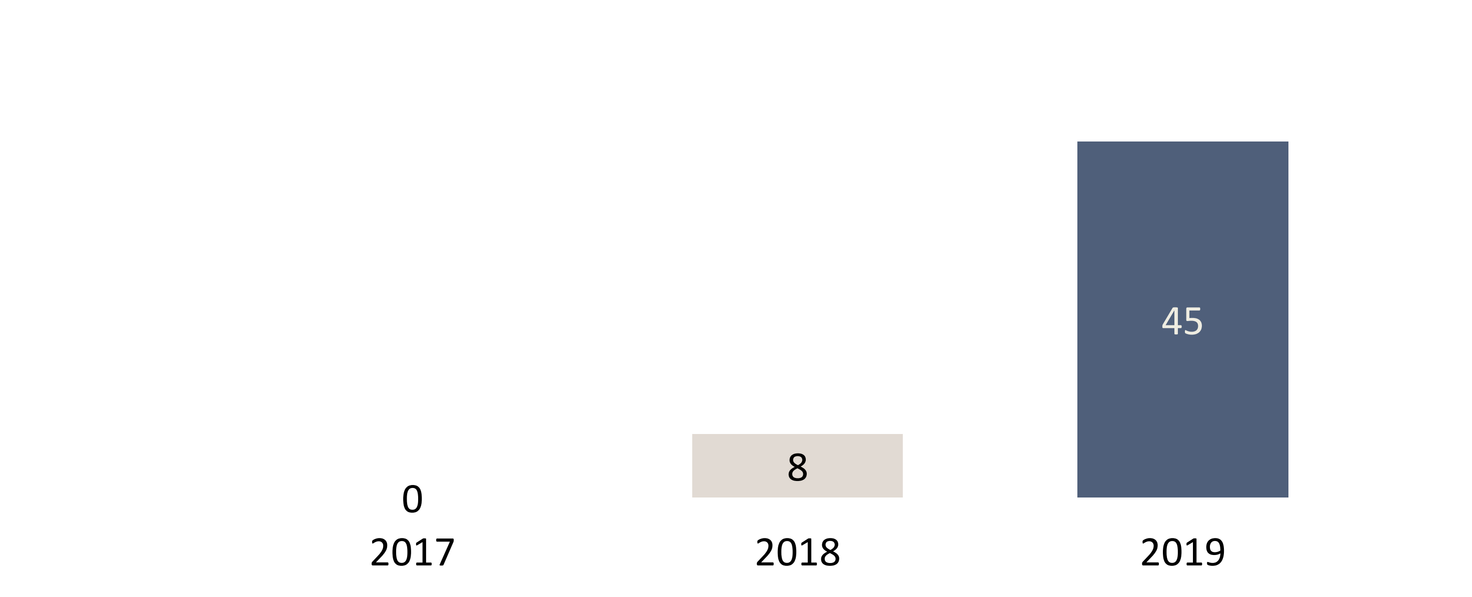
Gross Premiums (€ mln)



Combined Ratio (COR) Property & Casualty



Net Underlying Result (€ mln)



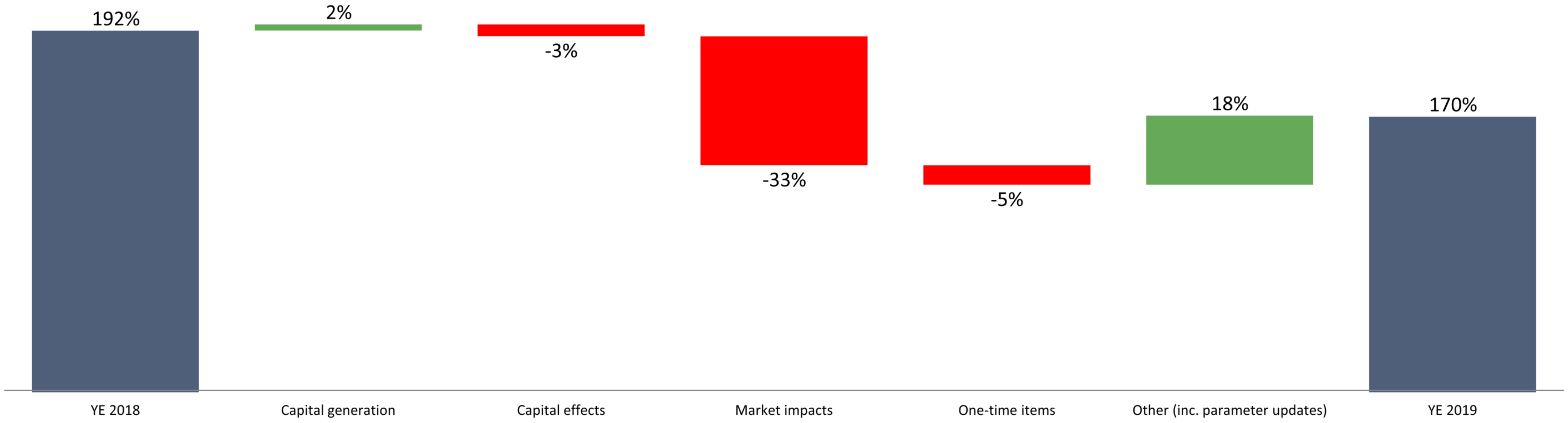
Comments

- P&C had a strong commercial year. The gross premium income increased by 7% to EUR 789 million in 2019
- Operating expenses were 3% lower compared to 2018 as a result of continuous cost reductions. Despite the new Collective Labour Agreement and extra costs for handling the growth of the portfolio
- Direct investment income increased by EUR 3 million due to re-risking in higher yielding investments
- The NUR increased by EUR 37 million in 2019 compared to 2018. This result was driven by an improved claims ratio which was the result of a better performance of the underlying portfolio from continuous efforts to improve underwriting and claim management. This resulted in positive developments on the most recent accidents years

VIVAT's Solvency II ratio decreased mainly driven by the VA

- The Solvency II ratio of VIVAT decreased by 22%-point from 192% at YE18 to 170% at YE19. This decrease was mainly driven by a reduction in the Volatility Adjustment (VA) from 24 bps to 7 bps, which had a negative impact of -/- 25%-point on the Solvency II ratio (included in market impacts)
- VIVAT hedges the Solvency II ratio for interest rates movements: when the interest rates decrease, Own Funds increase to offset the impact of an increase in the SCR. Although VIVAT hedges the Solvency II ratio for interest rates movements within the RAS boundaries, the Solvency II ratio was slightly exposed to interest rate decreases in the first half of 2019, leading to a negative impact due to the decrease in rates of 9%-point during the year
- Underwriting parameter updates, included in other, had a positive impact of 13%-point, consisting mainly of updated experience mortality (+10%-point) and updated lapse rates (+3%-point)
- In December 2019, SRLEV increased the quota share percentage on the longevity reinsurance transaction it entered in 2018 from 70% to 90%. This had a positive impact on the Solvency II ratio of 4%-point. However, this is cancelled out by other one-time items, like the 15bps UFR decrease. Both are included in one-time items
- Capital generation was limited at 2%-point as the decrease in interest rates led to an increase in the UFR drag

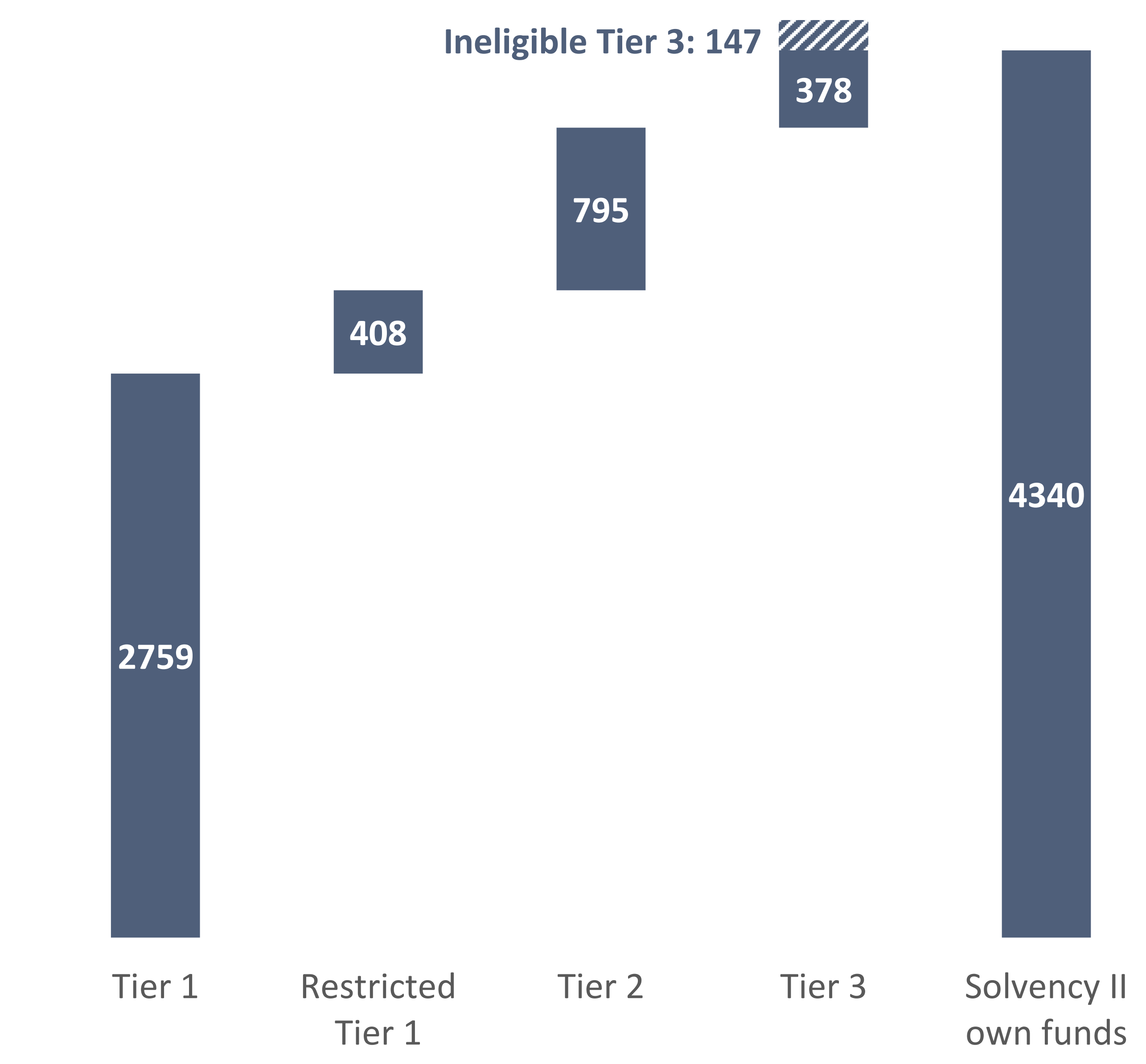
Change in Solvency II ratio in 2019



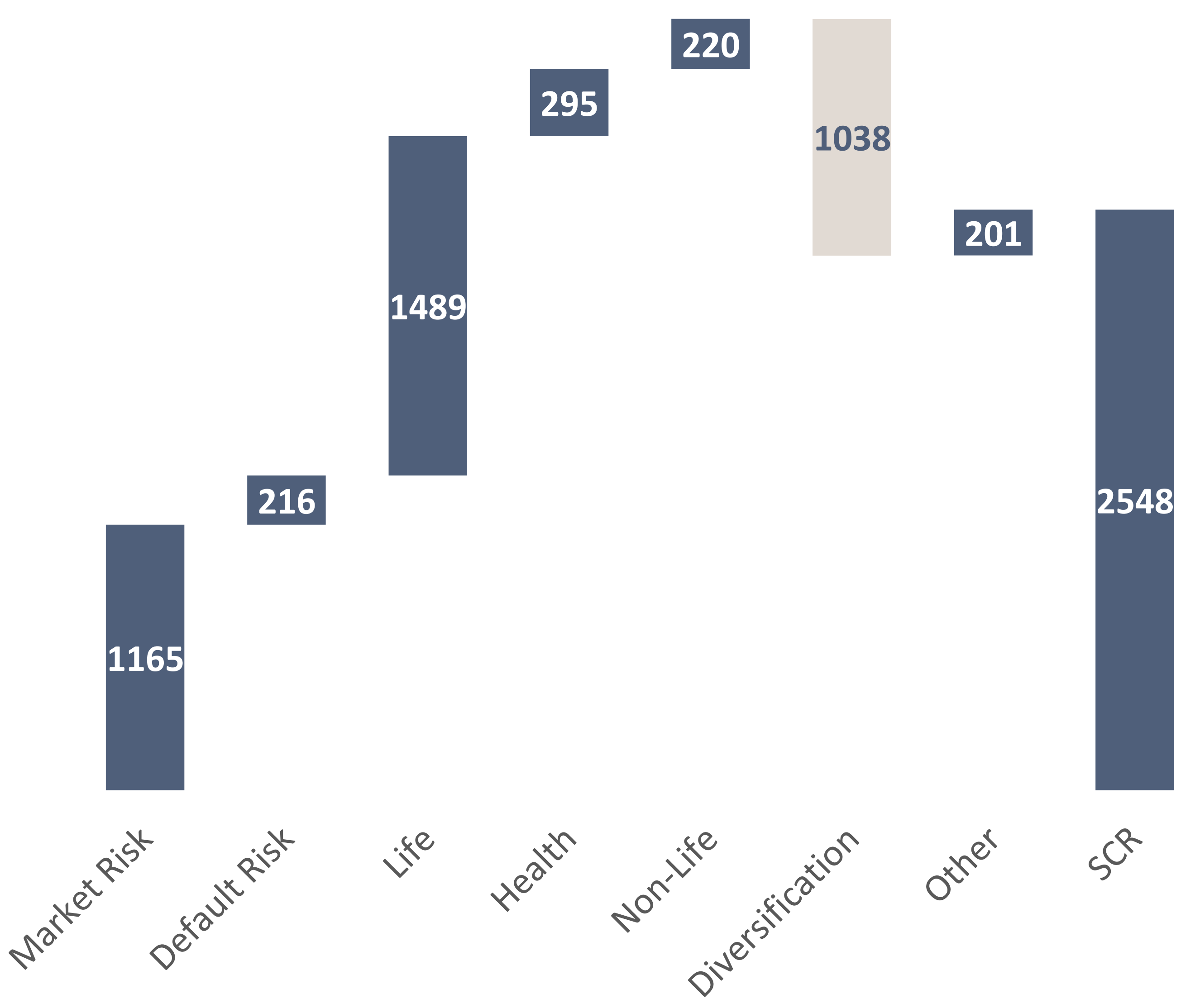
Allocation is based on management's best judgement

Breakdown of VIVAT's Solvency II own funds and SCR

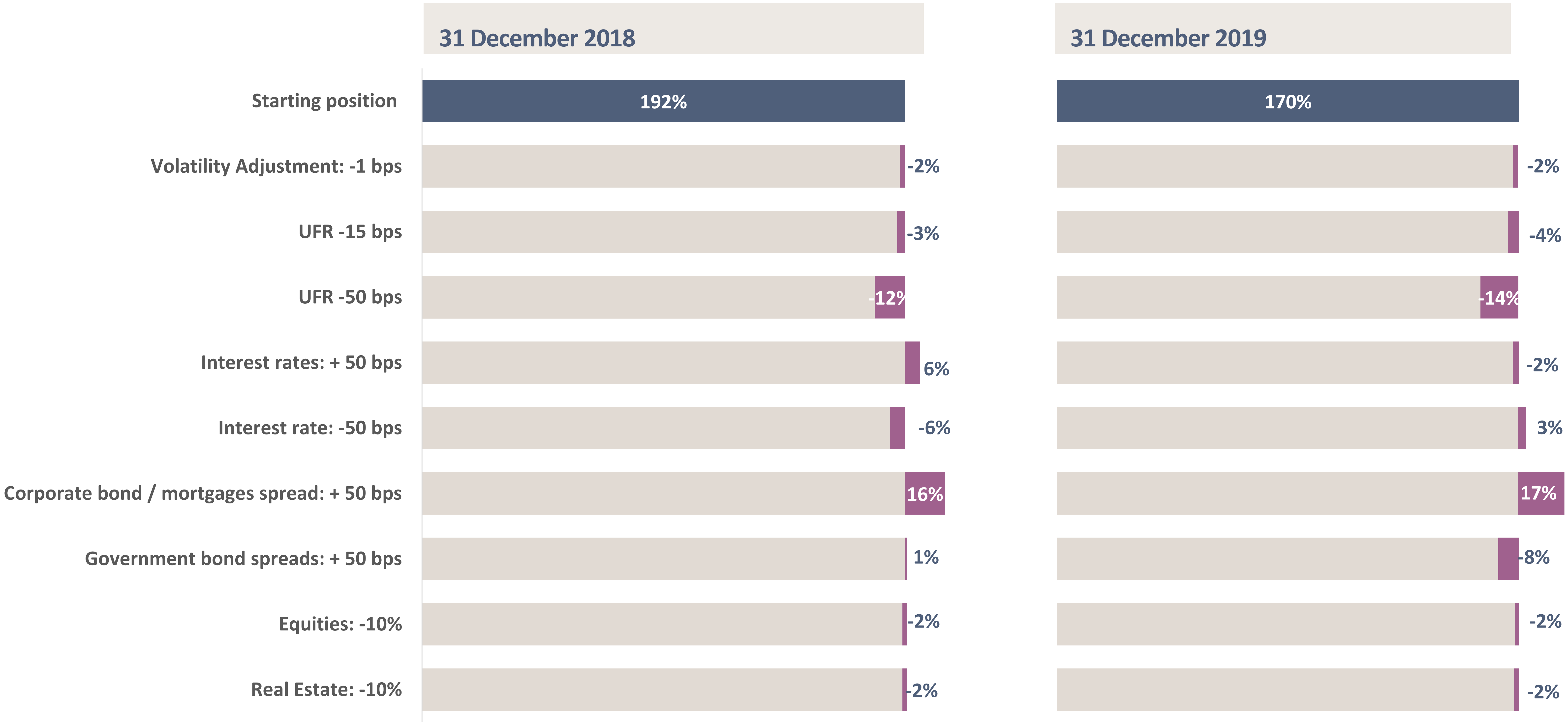
Breakdown own funds VIVAT 31 December 2019 (€ mln)



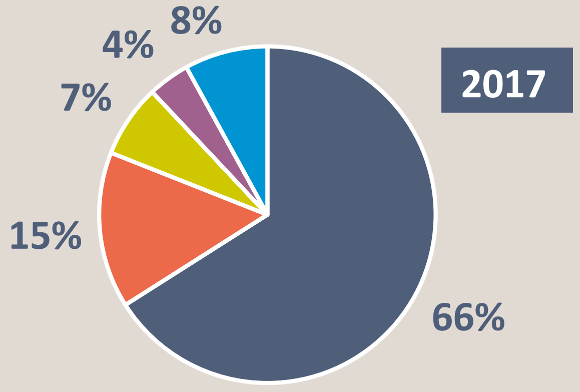
Breakdown SCR VIVAT 31 December 2019 (€ mln)

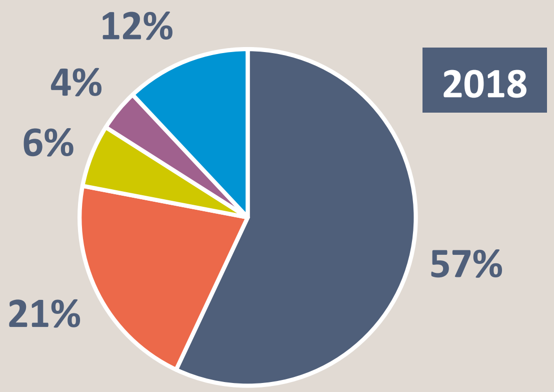


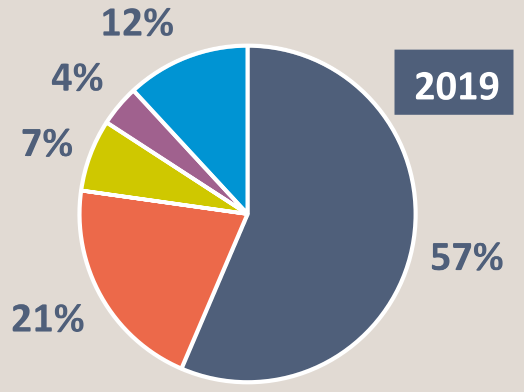
Sensitivities of the Solvency II ratio of VIVAT as of 31 December 2019 compared with 31 December 2018



VIVAT well positioned for further re-risking







Amounts x € bn	2017	2018	2019
SOVEREIGNS	**22.7**	**20.3**	**23.1**
Sovereign AAA	13.4	12.5	12.9
Sovereign AA	2.4	2.0	3.7
Sovereign A / BBB	1.3	1.4	1.5
Other sovereigns	0.6	0.6	0.5
Supranationals	4.8	3.8	4.5
CREDITS	**5.3**	**7.5**	**8.4**
Euro Financials	2.4	2.5	2.8
Euro Corp	1.8	1.7	1.9
Asset Backed Securities	0.9	0.7	0.8
Covered bonds	0.3	0.2	0.2
Credits other	0.0	2.4	2.7

	2017	2018	2019
REAL ESTATE & FI FUNDS	**1.3**	**1.4**	**1.5**
Real Estate	0.4	0.4	0.5
Equity	0.2	0.2	0.2
Fixed Income Funds	0.7	0.8	0.8
MORTGAGES	**2.6**	**2.2**	**2.8**
MONEY MARKET FUNDS	2.2	3.0	1.3
COLLATERAL TRADE	0.8	0.8	1.1
OTHER (a.o. derivatives)	-0.3	0.4	2.5

Investment strategy

> In the beginning of 2019, VIVAT acquired a EUR 800 mln mortgage portfolio and increased its exposure in emerging market debt and high yield debt. At the end of the year the high yield debt was fully sold after risk return assessment

> The combination of lower rates, an increased risk environment and extraordinary central bank measures require a more prudent investment strategy

> VIVAT expects to increase its exposure in Real Estate, Real Estate Credit, Mortgages and select private credit markets

	Allocation 2019	Targeted direction
Sovereigns	57%	∨∨
Credits	21%	=
Mortgages	7%	∧
Real Estate and Fixed Income Funds	4%	∧
Other	12%	∧

Key messages

- Net Underlying Result improved to EUR 322 million (2018: EUR 242 million), driven by higher investment income and improved claims ratio of P&C
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