VIVAT

Press Release

Amstelveen, March 4, 2020

VIVAT Annual Results 2019

VIVAT Well Prepared for Future

Solid Financial Performance and Resilient Solvency II Capital

- Net Underlying Result improved to EUR 322 million (2018: EUR 242 million), driven by higher investment income (interest rate derivatives and re-risking) 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 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%)
- Capital generation remained low at 2% as the UFR drag increased due to decrease in interest rates
- The ongoing re-risking activities resulted in an increase of the direct investment income by 3%
- Liquidity position holding at EUR 516 million (YE18: EUR 535 million)

- Increase of Assets under Management at ACTIAM of 14% to EUR 63.8 billion
- 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

Key Figures

In € millions/percentage	2019	2018
Net Underlying Result VIVAT[1, 2]	322	242
Net Result IFRS[2]	399	-282
Combined Ratio Property & Casualty	91.4%	96.8%

In € millions/percentage	2019	2018
Solvency-II ratio VIVAT	170%	192%
Equity	3,838	3,541

[1] Net Underlying Result consists of Net Result IFRS excluding changes in fair value of assets and liabilities (incl. LAT-shortfall) and non-recurring expenses (e.g. restructuring costs and impairments).

[2] Comparative figures of 2018 have been restated in line with the amendment made to IAS 12 by the IASB. According to the amended standard the amount of € 3 million corresponding to the tax impact of the interest paid on the Tier 1 loan had to be reclassified from equity to profit or loss

Yinhua Cao, Chief Financial Officer of VIVAT's Executive Board:

"2019 was a memorable year for VIVAT in which we continuously demonstrated our strong Dutch market presence, with a solid financial performance and a resilient capital position, dedicating focus in customer centricity and sustainability as well as preparing for the upcoming new shareholder. I would like to take this opportunity to express my sincere appreciation to all of our employees and business partners.

In 2019, VIVAT showed a solid financial performance. Both the Net Underlying Result and Net Result IFRS increased significantly compared to 2018. Stringent cost management, a higher investment income and a further reduced combined ratio of 91.4% were important drivers of this increase.

Commercially we saw continuous growth in the Pension and P&C business. Life Corporate pension premium reached a five-year high at EUR 1.09 billion, a 4% increase compared to 2018 by strong new business inflows and a stable retention rate of 87%. The annual premium contribution of Zwitserleven PPI grew by 47% in volume to EUR 144 million. At P&C, premium income rose by 7%. Lower premium income at Individual Life, following the continuously shrinking individual life market, resulted in a stable gross premium income for VIVAT.

Despite volatile capital markets with significantly lower interest rates and tightened credit spreads, VIVAT's Solvency II capital position showed resilience at 170% year-end. During 2019, a sharp decrease of the Volatility Adjustment (VA) from 24bps to 7bps made the Solvency II ratio decrease significantly. Interest rate exposure in the first half year 2019 has been mitigated and its Solvency II impact was largely offset by positive developments in the operating assumptions and management actions taken, including the expansion of the quota share longevity insurance from 70% to 90%. VIVAT's capital generation was increasing, but limited at 2% in 2019 as the UFR drag increased due to a decrease in interest rates. The on-going re-risking activities did result in a higher direct investment income which will help capital generation going forward.

All product lines, as always, put a lot of efforts in customer centricity. At Life Corporate pension events were organised for people nearing their retirement age, advising them on their financial future. Also the overall targeted service level for implementing pension contracts was reduced from six weeks to four weeks. Individual Life successfully launched term life insurances for first time home owners and seniors. The focus on Operational Excellence, by continuing an extensive business automation project, resulted in a substantial decrease of the total handling time on all our processes. P&C increased its efforts in data collection and analysis to improve the insurance technical cycle. The Dynamic Pricing Programme was implemented, in which data is centralised and more effective methods are used for portfolio management. A successful campaign and a new proposition for pet insurance has ensured that Reaal Dier & Zorg is now the market leader in pet insurance.

VIVAT, with its asset manager ACTIAM, continues to be a frontrunner in the field of sustainability. This was acknowledged by the Dutch Fair Insurance Guide where VIVAT scored positive on all twenty one defined themes regarding investment policies. From an international perspective ACTIAM was rewarded with thirteen times a maximum score (A+) out of 14 topics according to the PRI standards in 2019. The acknowledgement was a result of the newly introduced sustainability framework. This framework aligns with the concepts of the Sustainable Developments Goals (part of the VIVAT strategy) and planetary boundaries.

Last but not the least, Anbang has reached a conditional agreement on the sale of VIVAT to Athora with a follow-on sale of the P&C business to NN Group. Over the past months extensive preparations for the integration and migration have been executed, making VIVAT ready for the future. The closing of the acquisition is expected to take place in the first quarter of 2020, subject to regulatory approvals.

All these achievements would not have been possible without the dedication and efforts of our employees and business partners. I am confident that VIVAT is well-positioned for the future and will continue to deliver the high service level towards our customers going forward."

Financial Result

In € millions	2019	2018
Result		
Premium Income	2,638	2,842
Premium Income excl. buy-outs	2,638	2,631
Direct Investment Income	1,287	1,254
Operating expenses	366	370
Net underlying result VIVAT	322	242
Net Result IFRS	**399**	**-282**

The Net Result IFRS increased by EUR 681 million compared to 2018 driven by a release of the LAT shortfall (EUR 64 million) compared to a large addition of EUR 309 million in the previous year. The improvement of the result was primarily caused by more favourable market movements and a positive development in operating assumptions. The result in 2018 was negatively impacted by EUR 194 million in one-off items related to the longevity reinsurance transaction and the adjustment of the net Deferred Tax Assets (DTA)-position.

The Net Underlying Result increased in 2019 by EUR 80 million to EUR 322 million, driven by an improvement in the technical result of P&C and higher investment income due to re-risking.

Gross premium income (excluding buy-outs) increased marginally from EUR 2,631 million to EUR 2,638 million. Premium income of individual life declined caused by the shrinking market. Gross premium income of Life Corporate (excluding buy-outs) increased by 3%, while P&C recorded a growth of 7%.

Direct investment income increased further in 2019 compared to 2018, mainly due to an increase in interest income from the interest derivatives portfolio and the ongoing re-risking activities.

Operating expenses decreased by EUR 4 million compared to 2018. Higher costs following the Collective Labour Agreement, including a one-off compensation of EUR 9 million, are more than offset by further costs savings in 2019.

The reconciliation of the Net Underlying Result to Net Result IFRS is presented in the table below:

In € millions	2019	2018
Net Underlying Result VIVAT	**322**	**242**
1) Change LAT-shortfall Life in P&L	64	-309
2) Other (un)realised changes in fair value of A/L	35	-21
3) One-offs and Non operating expenses and profits	-22	-194
Net Result IFRS VIVAT	**399**	**-282**

The improvement in the change LAT-shortfall Life in 2019 was driven by more favorable market movements and a positive development in operating assumptions. Changes in market movements include positive effects from lower interest rates, spread tightening and decreased inflation expectations. Operating assumptions were positively influenced by updated expectations relating to experience mortality. Both 2019 and 2018 were negatively influenced by an increase in the LAT-shortfall due to decrease of the UFR with 15 bps annually.

Other (un)realised changes in fair value of assets and liabilities in 2019 were influenced by a positive result on hedges mainly as result of decreased market interest rates. In 2018 this item was impacted by the tender offer of the SRLEV Tier 2 notes, which led to lower interest expenses in 2019 and going forward.

The result in 2018 was negatively influenced by EUR 194 million one-off items related to the longevity reinsurance transaction and initial adjustment of the net Deferred Tax Assets (DTA)-position. The one-off items in 2019 relate to the expansion of the quota share longevity reinsurance transaction from 70% to 90% causing a negative impact on the Net Result IFRS of EUR 43 million, which was partly offset by a positive change in the Net Result IFRS 2019 for EUR 21 million due to the recalculation of the DTA-position from 20.5% to a tax rate of 21.7%.

Financial Result per Segment

Life Corporate

In € millions	2019	2018
Result		
Gross Premium Income	1,086	1,258
Premium Income excluded buy outs	1,086	1,047
Premium contributions Zwitserleven PPI	144	98
Direct Investment income	739	657
Operating expenses	99	97
Net Result IFRS	**175**	**-406**
Net Underlying Result	**177**	**113**

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 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. Historically, all elements that affect the LAT of SRLEV NV are allocated to Life Corporate. This is an important driver of the IFRS result of Life Corporate. In 2019 the net LAT impact was EUR 64 million positive, compared to a negative net LAT impact of -/- EUR 309 million in 2018.

Net Result IFRS of Life Corporate in 2018 was negatively influenced by EUR 178 million one-off items related to the Longevity transaction and adjustment of the net Deferred Tax Assets (DTA)-position.

Individual Life

In € millions	2019	2018
Result		
Gross Premium Income	767	849
Direct Investment income	495	555
Operating expenses	85	92
Net Result IFRS	**154**	**137**
Net Underlying Result	**116**	**140**

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 and the shrinking portfolio.

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.

The Net Result IFRS increased by EUR 17 million to EUR 154 million compared to the previous year. This increase was driven by fair value changes in technical provisions in 2019. Net Result IFRS 2018 was negatively influenced by the result on the tender offer of the SRLEV subordinated loan and recalculation of the deferred tax position.

Property & Casualty

In € millions	2019	2018
Result		
Gross Premium Income	789	735
Direct Investment income	15	12
Operating expenses	112	116
Net Result IFRS	**66**	**16**
Net Underlying Result	**45**	**8**
Combined Ratio (COR)	**91.4%**	**96.8%**

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, despite the new Collective Labour Agreement and extra costs for handling the growth of the portfolio, as a result of continuous cost reductions.

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. In 2018 there was a storm (EUR 15 million negative impact on IFRS net result) but also a release from the unearned premium reserve (EUR 10 million) linked to authorized agents due to an improvement of in depth portfolio data.

The Net Result IFRS improved by EUR 50 million because of a better technical result and higher investment income.

The COR of 91.4% improved by 5.4%-point compared to 2018. This improvement was driven mainly by an improved claims ratio and a slightly lower expense ratio. The 2018 COR excluding storm was 94.1% (including storm 96.8%).

ACTIAM

In € millions	2019	2018
Result		
Fee and commission income	68	67
Fee and commission expenses	28	31
Net fee and commission income	**40**	**36**
Operating expenses	49	45
Net Result IFRS	**-7**	**-7**
Net Underlying Result	**-7**	**-7**
Assets under management (€ billions)	**63.8**	**56.1**

Net fee and commission income increased to EUR 40 million as a result of lower fee expenses following the decision by one specific client to insource its fund management activities.

Operating expenses rose by EUR 4 million as a result of investments to support future strategic initiatives and higher fund administration costs as a result of higher transaction volume.

Both the Net Underlying Result and the Net Result IFRS were equal to 2018.

Assets under management increased to EUR 63.8 billion mainly as a result of favorable market movements and investments of collateral related to variation margins. The increase in fee and commission income is offset by increasing operating expenses.

Holding

In € millions	2019	2018
Result		
Direct Investment income	28	28
Operating expenses	21	20
Other interest expenses	19	20
Net Result IFRS	**11**	**-22**
Net Underlying Result	**-9**	**-12**

The improvement of the Net Underlying Result was driven by increased interest on funding to subsidiaries.

The Net Result IFRS improved in 2019 by EUR 33 million, mainly driven by a positive result on hedges (EUR 14 million) and recalculation of the Deferred Tax Assets (DTA)-position (EUR 14 million).

Capital Management

In € millions/percentage	2019	2018
Eligible own funds VIVAT NV	4,340	4,635
Consolidated Group SCR	2,548	2,412
Solvency II ratio VIVAT NV	170%	192%
Eligible own funds SRLEV NV	3,697	4,000
Consolidated SRLEV SCR	2,275	2,127
Solvency II ratio SRLEV NV	163%	188%
Eligible own funds VIVAT Schade	627	564
Consolidated VIVAT Schade SCR	381	361
Solvency II ratio VIVAT Schade	165%	156%

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.

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. In June 2019, the exposure of interest rates has been mitigated and further decrease in rates in the second half of the year had limited impact

Underwriting parameter updates 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.

Capital generation was limited at 2%-point as the decrease in interest rates led to an increase in the UFR drag.

The Solvency II ratio of SRLEV decreased from 188% at YE 2018 to 163% at YE 2019. The drivers of the reduction in the Solvency II ratio of SRLEV are similar to that of VIVAT.

The Solvency II ratio of VIVAT Schade increased from 156% to 165%. This increase is mainly driven by the annual insurance parameter update of the disability business (+17%-point) and the improved P&C business (+3%-point). Market impacts, including the decrease in interest rates, had a negative impact of 12%-point.

Summary of VIVAT Balance Sheet

In € millions	2019	2018
Statement of financial position		
Total assets	**61,685**	**55,674**
Investments	41,572	38,656
Investments for account of policyholders	13,520	11,989
Investments for account of third parties	1,045	676
Loans and advances due from banks	712	1,566
Cash and cash equivalents	351	275
Shareholders equity	**3,538**	**3,241**
Holders of other equity instruments	300	300
Total equity	**3,838**	**3,541**
Total liabilities	**57,847**	**52,133**
Insurance liabilities	50,088	46,283
Subordinated debt	868	863
Borrowings	645	644
Liabilities investments for account of third parties	1,045	676
Amounts due to banks	2,803	1,358

Assets

Investments for own account have increased in 2019 by EUR 2.9 billion. Main inflows originated from higher received cash collateral for derivatives and increased prices of investments due to decreased market interest rates.

The increase of investments for account of policyholders and third parties was mainly driven by higher market value of equities, fixed income funds and lower interest rates.

In 2019 loans and advances to banks are EUR 0.8 billion lower compared to year end 2018 mainly as result of a decline in mortgage savings which were repurchased by Volksbank. Also paid cash collateral declined due to declined market interest rates.

Liabilities

Insurance liabilities increased in 2019 mainly as a result of decreased market interest rates. Amounts due to banks increased mainly as a result of higher received cash collateral for derivatives.

Statement of Consolidated Balance Sheet VIVAT NV

In € millions	2019	2018
Assets		
Intangible assets	-	-
Property and equipment	62	62
Investments in associates	37	-
Investment property	460	402
Investments	41,572	38,656
Investments for account of policyholders	13,520	11,989
Investments for account of third parties	1,045	676
Derivatives	3,102	1,076
Deferred tax assets	449	465
Reinsurance share	111	160
Loans and advances due from banks	712	1,566
Corporate income tax	2	52
Other assets	262	295
Cash and cash equivalents	351	275
Total assets	**61,685**	**55,674**
Equity and liabilities		
Share capital[3]	0	0
Reserves	3,538	3,241
Shareholders equity	**3,538**	**3,241**
Holders of other equity instruments	300	300
Total equity	**3,838**	**3,541**
Subordinated debt	868	863
Borrowings	645	644
Insurance liabilities	50,088	46,283
Liabilities investments for account of third parties	1,045	676
Provision for employee benefits	629	548
Other provisions	15	26
Derivatives	676	602
Amounts due to banks	2,803	1,358
Other liabilities	1,078	1,133
Total equity and liabilities	**61,685**	**55,674**

[3]The issued and paid up share capital of VIVAT NV is EUR 238,500

Statement of Consolidated Profit or Loss VIVAT NV

In € millions	2019	2018
Income		
Premium income	2,638	2,842
Less: Reinsurance premiums	241	51
Net premium income	**2,397**	**2,791**
Fee and commission income	69	71
Fee and commission expense	17	18
Net fee and commission income	**52**	**53**
Share in result of associates	1	4
Investment income	1,294	1,524
Investment income / expenses for account of policyholders	2,067	-387
Result on investments for account of third parties	173	-44
Result on derivatives	1,721	-
Total income	**7,705**	**3,941**
Expenses		
Result on derivatives	-	97
Technical claims and benefits	3,921	3,552
Charges for account of policyholders	2,492	-86
Acquisition costs for insurance activities	181	174
Result on liabilities from investments for account of third partie	173	-44
Staff costs	271	270
Depreciation and amortisation of non-current assets	7	7
Other operating expenses	88	93
Impairment losses	-5	1
Other interest expenses	99	135
Total expenses	**7,227**	**4,199**
Result before taxation	**478**	**-258**
Tax expense	79	24
Net result continued operations for the period	**399**	**-282**
Net Underlying Result	**322**	**242**

Alternative Performance Measures

This press release contains alternative performance measures (APM's) in addition to the figures which have been prepared in accordance with the International Financial Reporting Standards (IFRS).

- *Definition and usefulness of Net Underlying Result (NUR):*
  Net Result IFRS of VIVAT has a high volatility as result of the valuation of all assets and liabilities on a fair value basis. In the NUR major fair value movements as result of market developments and parameter changes have been eliminated from IFRS-result. VIVAT believes that the NUR provides useful information to stakeholders and investors which results in greater comparability of results with peers and that it enhances their understanding on the financial impact of management decisions (e.g. re-risking of investments, additional cost-savings). The NUR should be viewed as complementary to, and not as a substitute for Net Result IFRS.

- *Limitations of the usefulness Net Underlying Result:*
  The large difference between Net Result IFRS and NUR is driven by a number of items.

  Besides the result of new business the NUR also includes realisation of interest and technical results on the existing (old) business portfolio. As VIVAT values virtually all of its assets and liabilities on a fair value basis, these specific results are already included within Equity. Reported results on existing (old) portfolio in NUR are reversed in net result IFRS by means of a change in the LAT shortfall. The NUR is therefore not a full reflection of economic value added.

  The increase in NUR is partly driven by the interest income on derivatives that will balance out when these instruments mature. This impact is offset by the fair value of technical provisions (LAT shortfall) in the net result IFRS, whilst any changes in LAT shortfall have been excluded from the net underlying result. This therefore increases the difference between NUR and net result IFRS.

  Given the complexity in valuation of derivatives it is not possible to fully eliminate all fair value movements from NUR. This could lead to distortion in comparability of figures between different periods. In addition to the impact of additional investment income from derivatives the increase of the NUR was also supported by ongoing re-risking activities, lower costs and lower interest expenses.

  Further differences between NUR and net result IFRS relate to the above mentioned one-off items (longevity reinsurance and DTA adjustment) that had a negative impact on the net result IFRS but were excluded from the NUR.

For information

Corporate Communication
Hidde Kuik
+31 (0)6 41139874
hidde.kuik@vivat.nl

Investor Relations
Victor Zijlema
+31 (0)6 23917718
victor.zijlema@vivat.nl

About VIVAT

VIVAT NV is the holding company for, among others, SRLEV NV, VIVAT Schadeverzekeringen NV, Proteq Levensverzekeringen NV, ACTIAM NV and Zwitserleven PPI NV. VIVAT's subsidiaries are also active on the Dutch market with, among others, the Zwitserleven, Reaal and ACTIAM brands. A balance sheet total of EUR 62 billion (end of December 2019) makes VIVAT one of the largest insurers in the Netherlands. Anbang Group Holdings Co. Ltd., a full subsidiary of Anbang Insurance Group Co. Ltd, is the sole shareholder of VIVAT NV. For more information please visit www.vivat.nl.

Disclaimer

This press release is released by VIVAT NV and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to annual results 2019 of VIVAT NV as described above.

This press release exclusively contains factual information and must not be interpreted as an opinion or recommendation with regard to the purchase or sale of securities issued by VIVAT NV and/or one or more of its subsidiaries. This press release does not contain any value judgements or predictions with regard to the financial results of VIVAT NV and/or its subsidiaries. If you do not wish to receive any press releases from VIVAT, please send an email to info@vivat.nl.

This press release contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be used as) the sole basis of any analysis or other evaluation and should be read in combination with the annual report 2019 of VIVAT NV.

As per December 31 2019 the same key accounting principles have been applied as per December 31 2018 for the annual report 2018 of VIVAT NV.

All figures in this document are unaudited.