

**Rating Action: Moody's affirms rating on SRLEV NV at Baa2 IFSR, outlook changed to developing; places VIVAT Schadeverzekeringen N.V. under review for upgrade**

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14 June 2019

Frankfurt am Main, June 14, 2019 – Moody's Investors Service has today affirmed the Baa2 insurance financial strength rating (IFSR) on SRLEV NV (SRLEV), the main life operating subsidiary of VIVAT N.V. (VIVAT or the Group), and changed the outlook to developing from negative. At the same time, Moody's has placed VIVAT Schadeverzekeringen N.V.'s (VIVAT Schade) IFSR under review for possible upgrade. Moody's has also affirmed the Ba1(hyb) backed subordinated and backed junior subordinate debt ratings of SRLEV. These rating actions follow VIVAT's recent announcement that Anbang Insurance Group Co. Ltd (Anbang) will sell VIVAT to Athora Holding Ltd. (Athora) which in turn will sell the non-life operations, namely VIVAT Schade, to NN Group N.V. (NN, Long-term Issuer Rating: Baa1, stable outlook). The transactions are subject to the required regulatory approvals and the parties involved currently expect the transactions to be completed in Q1-2020. Moody's said that it expected to conclude the review on VIVAT Schade as soon as there is sufficient certainty the transactions will be closed.

A list of affected ratings can be found at the end of this press release.

#### RATINGS RATIONALE

The review for upgrade on VIVAT Schade's rating reflects that the company will become part of the larger and financially stronger NN Group N.V. and likely be integrated into NN's domestic non-life operations. In addition, Moody's believes that VIVAT Schade following the transaction could benefit from explicit or implicit support from its new parent, likely resulting in a multi-notch upgrade of VIVAT Schade's insurer financial strength rating.

The change of the outlook on SRLEV to developing from negative reflects Moody's view that the consequences of the transaction for SRLEV's financial strength are currently unclear, with potential for both positive and negative implications. After the initial transaction of Athora buying VIVAT group and the sale of the non-life operations, Moody's expects SRLEV will continue to operate as a stand-alone insurer in the very competitive Dutch life market, and thus will lose some of the benefits of scale and diversification that it currently enjoys as part of the larger VIVAT group. In addition, there remains some uncertainty around the degree to which Athora will be able to position SRLEV for profitable growth in the Dutch life market. More positively, the sale by Anbang removes considerable uncertainty over SRLEV's ownership, and notably introduces a parent which, although so far has been active mainly in the consolidation of back-books, has stated its intention to further grow SRLEV. Moody's said that in evaluating the developing outlook on SRLEV it will consider Athora's likely risk appetite and the strategy it will employ and the implications it might have for the business and financial profile of SRLEV.

The affirmation of the IFSR and the subordinated debt ratings for SLEV takes into account VIVAT's good business and good financial profile. The Group's business profile benefits from its good market position in the Dutch life and non-life market as well as from strong diversification by business lines. Its financial profile benefits from the Group's good and improving regulatory Solvency 2 coverage and strong liquidity/ asset liability management as well as strong reserve adequacy. Offsetting these

strengths are increasing asset risk and, more importantly, the continuously weak profitability with negative net results in both 2018 and 2017, although partially stemming from one-offs, as well as weak financial flexibility due mainly to weak earnings coverage.

#### WHAT COULD MOVE THE RATING UP/DOWN

An upgrade of VIVAT Schade's ratings could result from the successful completion of the company's acquisition by NN and evidence of strong implicit and/or explicit support by NN.

An upgrade of SRLEV's ratings could occur if it becomes clear that Athora is taking significant steps to strengthen SRLEV's business and financial profile, offsetting the negative effect from reduced scale and diversification. This would likely require significantly improved profitability, regulatory Solvency 2 coverage close to the current levels of around 190%, and strong liquidity and asset liability management with no material deterioration in asset quality.

Both VIVAT Schade's and SRLEV's ratings could come under downward pressure if the transactions fail to go through and if uncertainty around future ownership prevails. Downward pressure on SRLEV's ratings could result from the stand-alone credit profile deteriorating, for example driven by continuously weak profitability, further heightened asset risk and weaker regulatory Solvency 2 coverage. It could also result if it becomes apparent that the new parent lacks ability and willingness to provide meaningful support to SRLEV.

#### LIST OF AFFECTED RATINGS

The following ratings have been affected:

- SRLEV NV's insurance financial strength rating affirmed at Baa2
- SRLEV NV's backed subordinated debt rating affirmed at Ba1(hyb)
- SRLEV NV's backed junior subordinated debt rating affirmed at Ba1(hyb)
- Outlook on SRLEV NV changed to developing from negative
- VIVAT Schadeverzekeringen N.V.'s Baa2 insurance financial strength rating placed under review for upgrade
- Outlook on VIVAT Schadeverzekeringen N.V. changed to rating under review from negative

The principal methodology used in rating SRLEV NV was Life Insurers published in May 2018. The principal methodology used in rating VIVAT Schadeverzekeringen N.V. was Property and Casualty Insurers published in May 2018. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

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