VIVAT
1H19 results

VIVAT 1H2019 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
1,334 mln EUR	182 mln EUR	161 mln EUR	151%	145%	526 mln EUR	96.0%
1H18: 1,607 mln EUR	**1H18:** 182 mln EUR	**1H18 :** 115 mln EUR	**YE18:** 192%	**YE18:** 188%	**YE18:** 535 mln EUR	**1H18:** 100.9%

Highlights

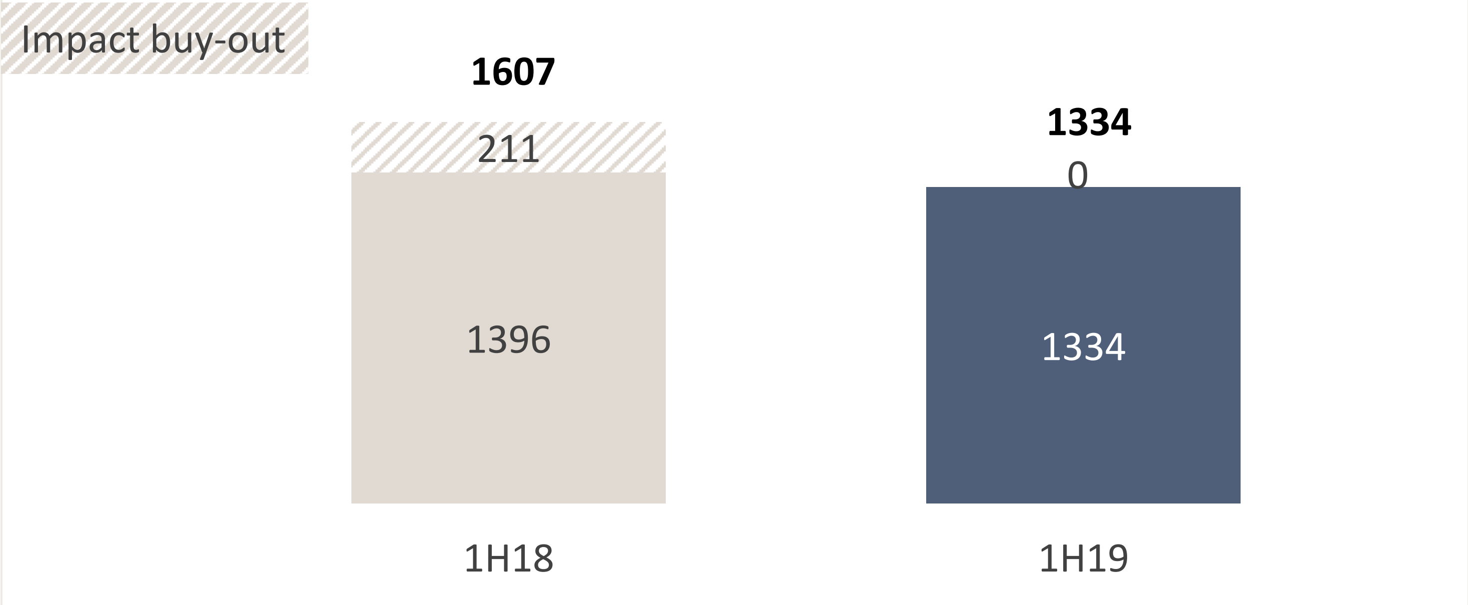
- Net Underlying Result improved to EUR 161 million (1H18: EUR 115 million), driven by higher investment income (interest rate derivatives and re-risking) and improved claims ratio
- Gross premium income (excluding pension fund buy-outs) down 4% as a result of the shrinking individual life market. Premium income for Life Corporate and Property & Casualty was stable
- Total operating costs remained stable compared to the first half of 2018
- Combined ratio improved to 96.0% reflecting an improved claims ratio (1H18: 100.9%)
- Net Result IFRS increased to EUR 279 million (1H18: -/- EUR 173 million), driven by a release of the Liability Adequacy Test (LAT) shortfall primarily as a result of market movements, partly offset by the decrease in the Ultimate Forward Rate (UFR)

- Solvency II ratio (standard model) of VIVAT NV decreased to 151% (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 145% (YE18: 188%)
- Re-risking on track, sovereign investment exposure decreased to 52% in the investment portfolio (57% YE18), direct investment income improved by 7%

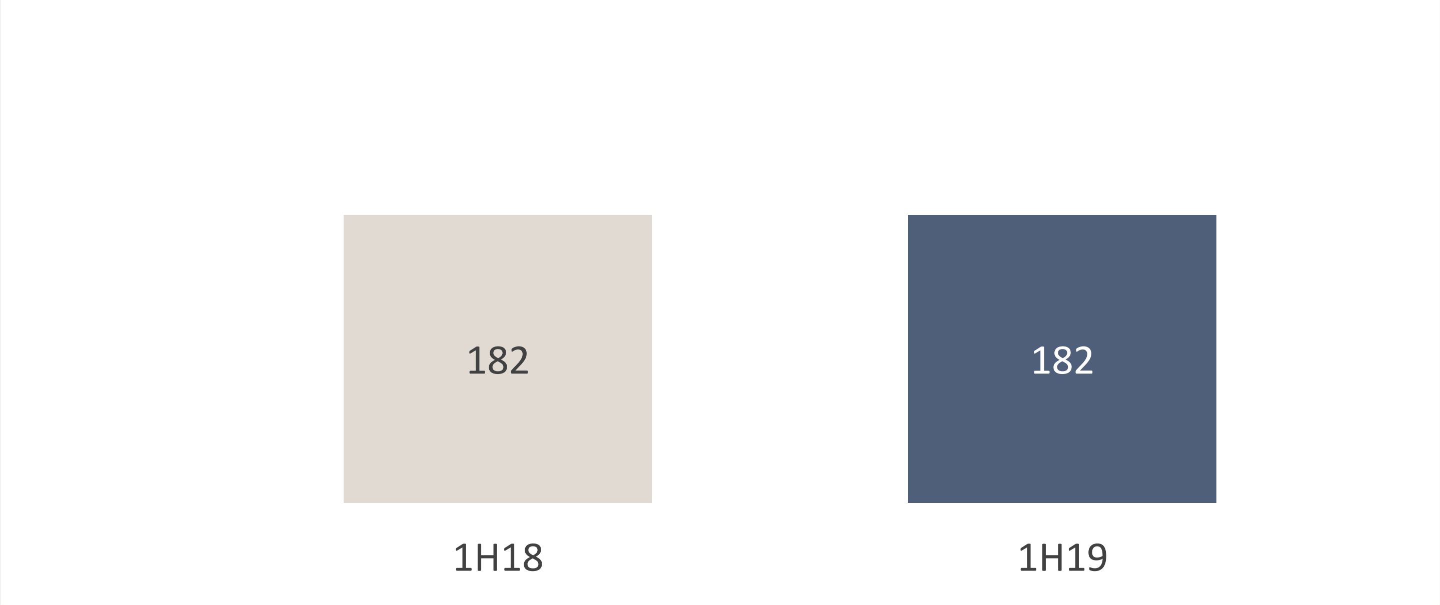
- Anbang has reached a conditional agreement on the sale of VIVAT NV to Athora with a follow-on sale of the P&C business to NN Group. High level integration and migration preparations have started. Closing expected in the first quarter of 2020, subject to certain conditions such as the receipt of relevant regulatory approvals and antitrust clearance

VIVAT: Resilient performance in first half year of 2019

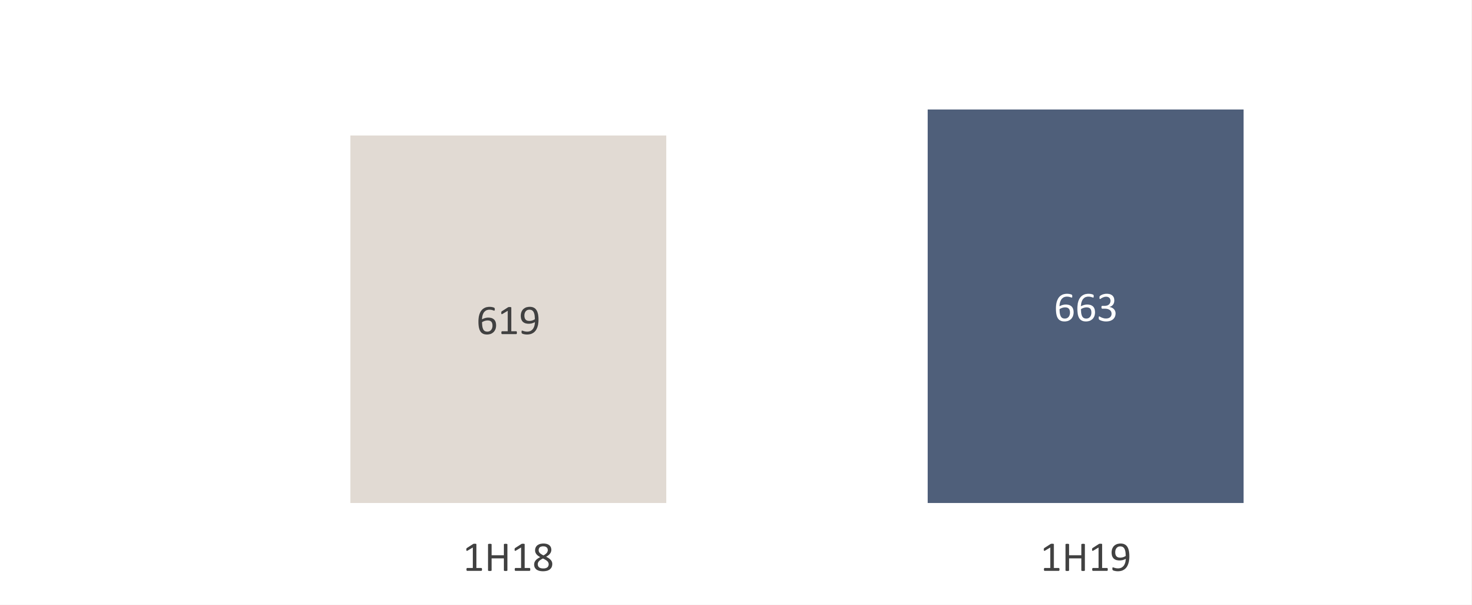
Gross Premiums (€ mln)



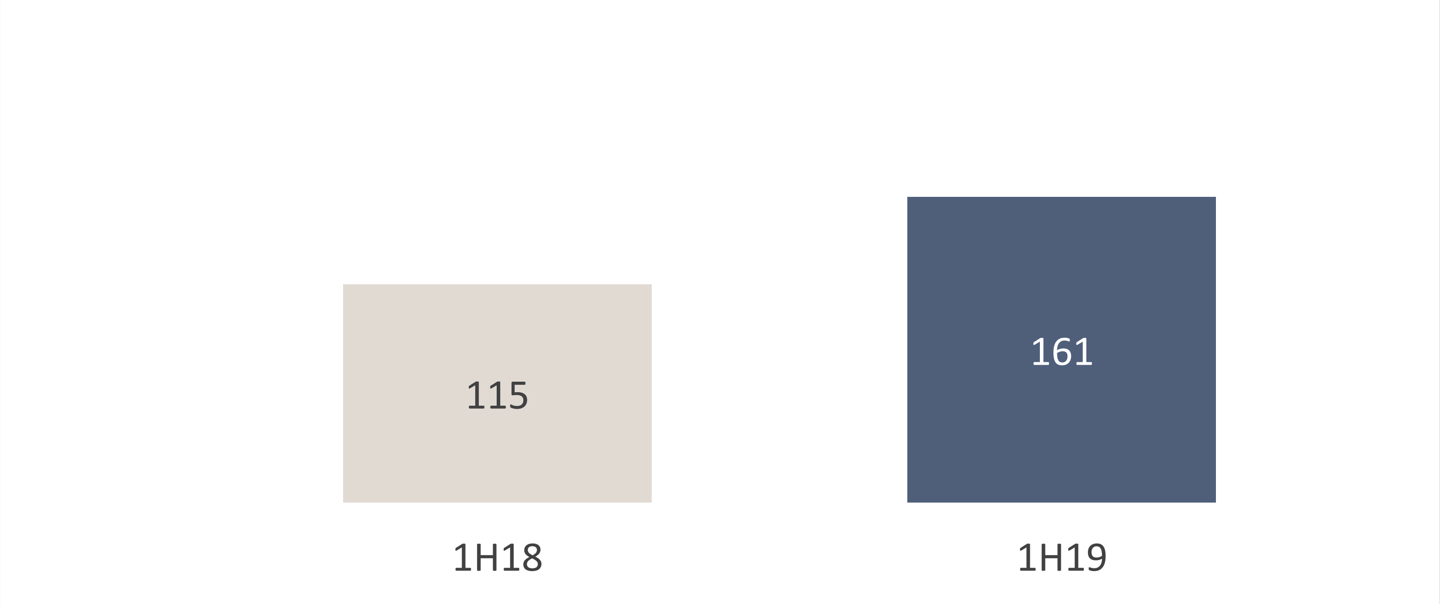
Total Operating Costs (excl. restructuring costs, € mln)



Direct Investment Income (€ mln)

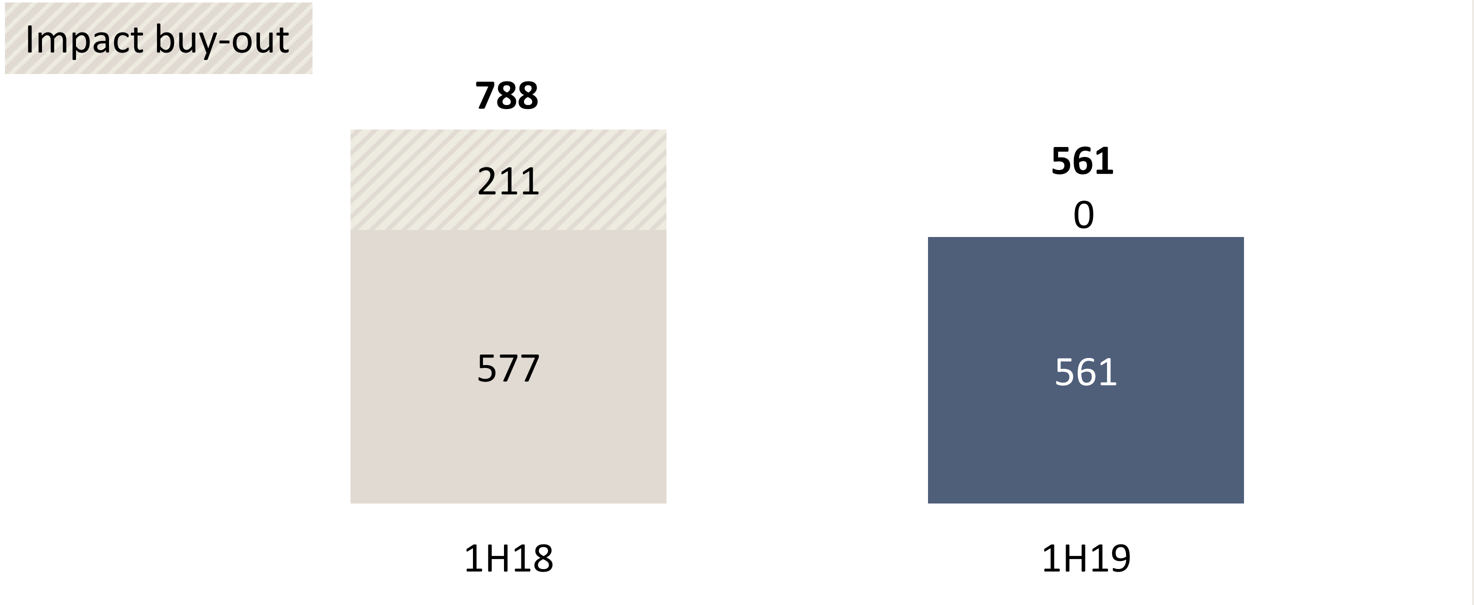


Net Underlying Result (€ mln)

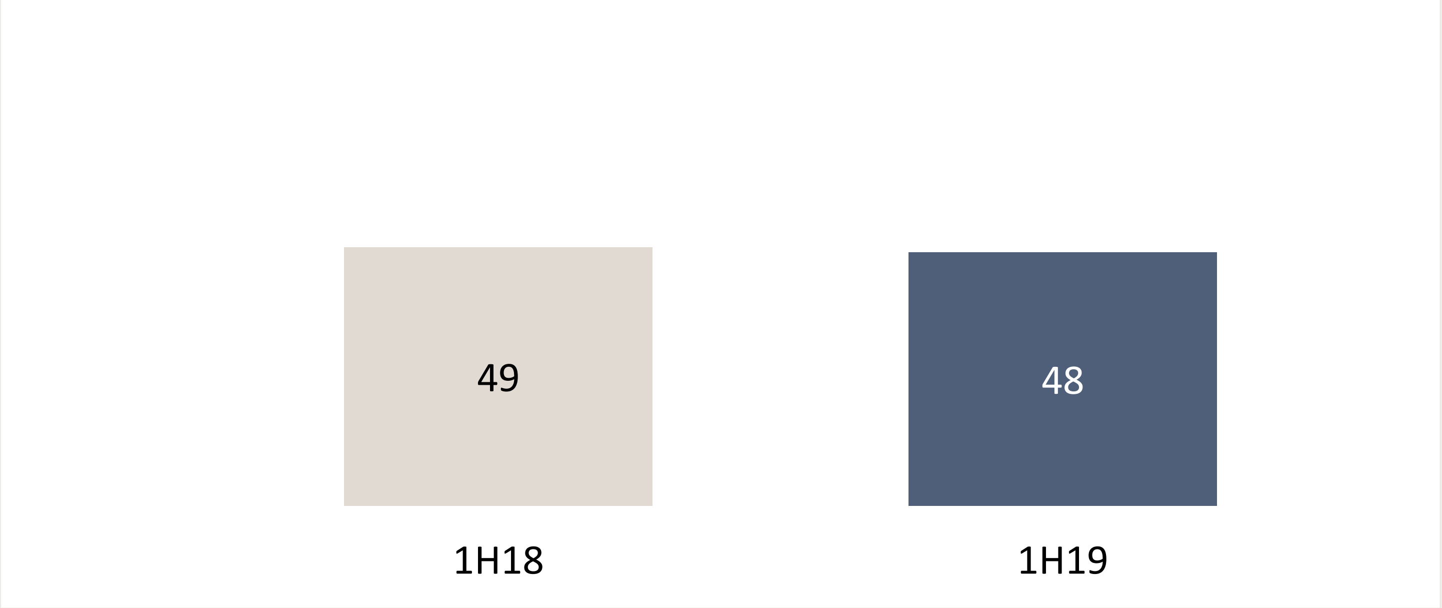


Product Line Life Corporate: Increase of Net Underlying Result

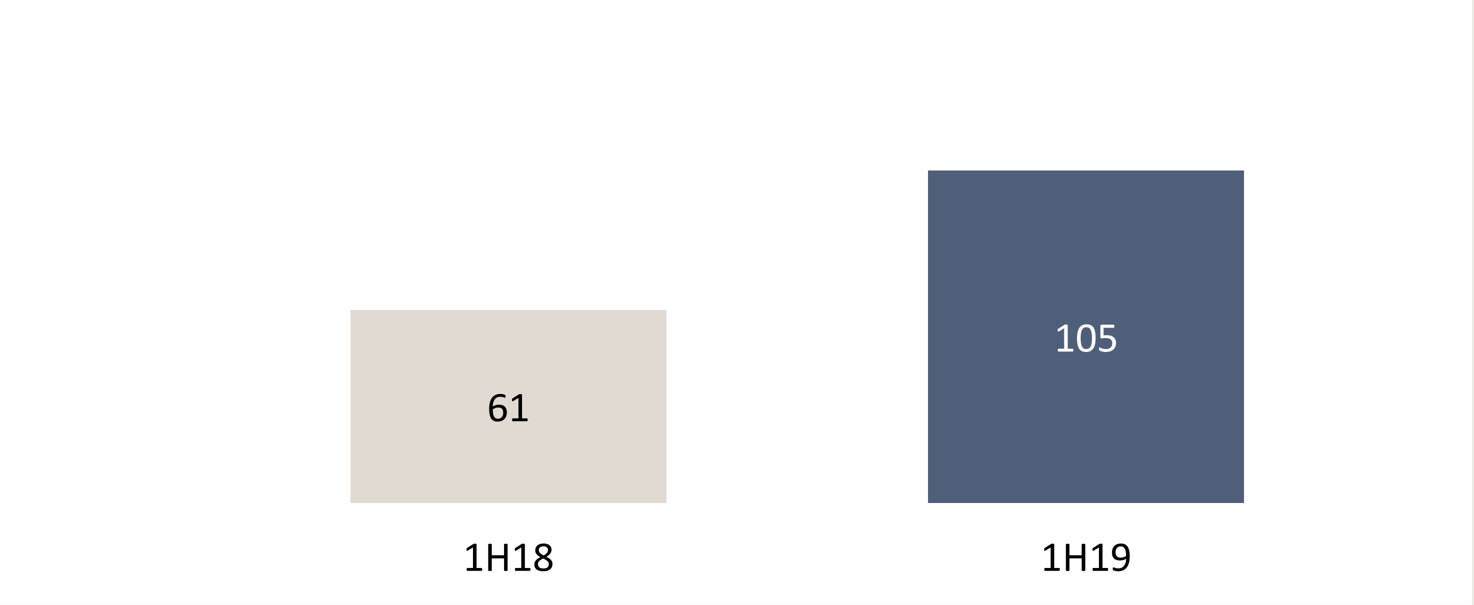
Gross Premiums (€ mln)



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



Net Underlying Result (€ mln)



Comments

- Commercial performance for Life Corporate was strong in 1H19 and proved resilient to uncertainty following the strategic review for VIVAT by Anbang. Customer retention remained high in 1H19 at 87%. Gross premium income (excluding buy-outs of EUR 211 million in 1H18) decreased slightly from EUR 577 million to EUR 561 million. Growth in the annual deposits in the Zwitserleven PPI (Premie Pensioen Instelling) compensated for the slightly lower premium income
- Operating expenses were in line with 1H18
- The NUR increased by EUR 44 million to EUR 105 million, primarily due to higher interest income from the interest derivatives portfolio (which also increased the direct investment income) and higher investment income due to ongoing re-risking activities

Product Line Individual Life: Further reduction of operating costs

Gross Premiums (€ mln)

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

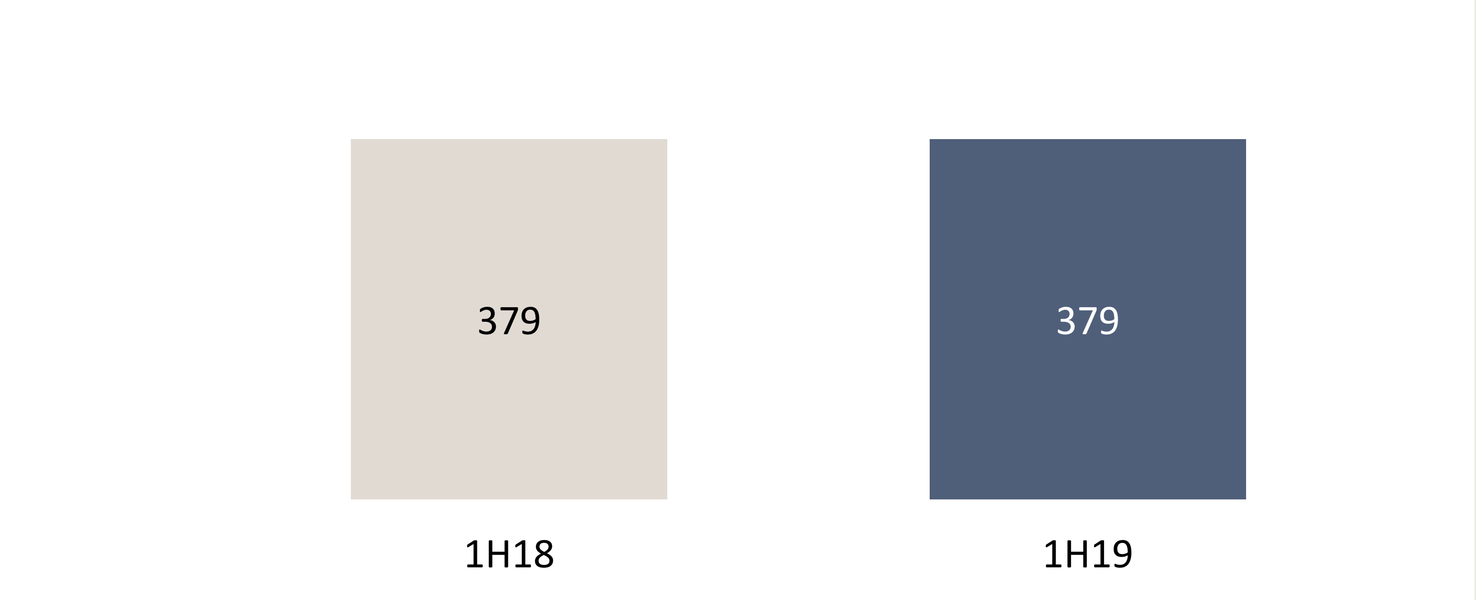
Net Underlying Result (€ mln)

Comments

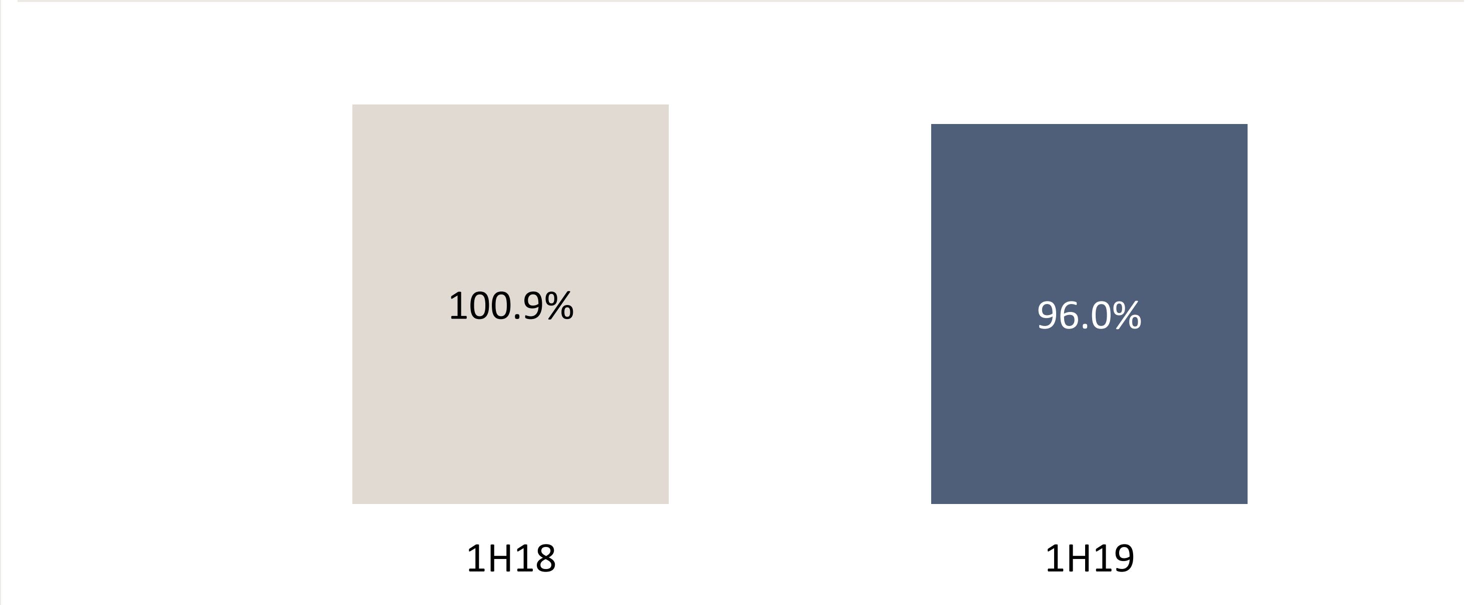
- Gross premium income decreased by 10% mainly as a result of the shrinking individual life market
- Operating expenses were lower compared to 1H18 as a result of further digitalisation efforts and lower costs for activating clients to review their position regarding unit-linked insurances
- The NUR was EUR 13 million lower compared to 1H18, mainly due to a lower direct investment income as a result of the shrinking portfolio

Product Line Property & Casualty: Strong improvement Combined Ratio

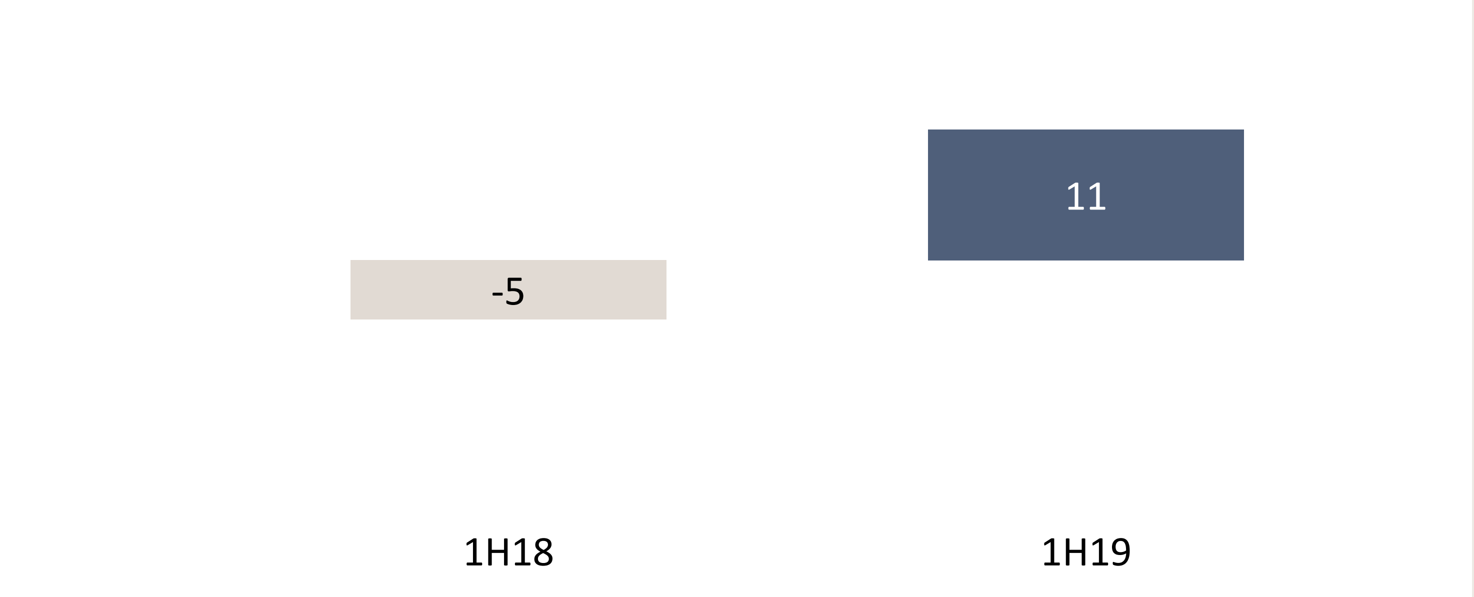
Gross Premiums (€ mln)



Combined Ratio (COR) Property & Casualty



Net Underlying Result (€ mln)



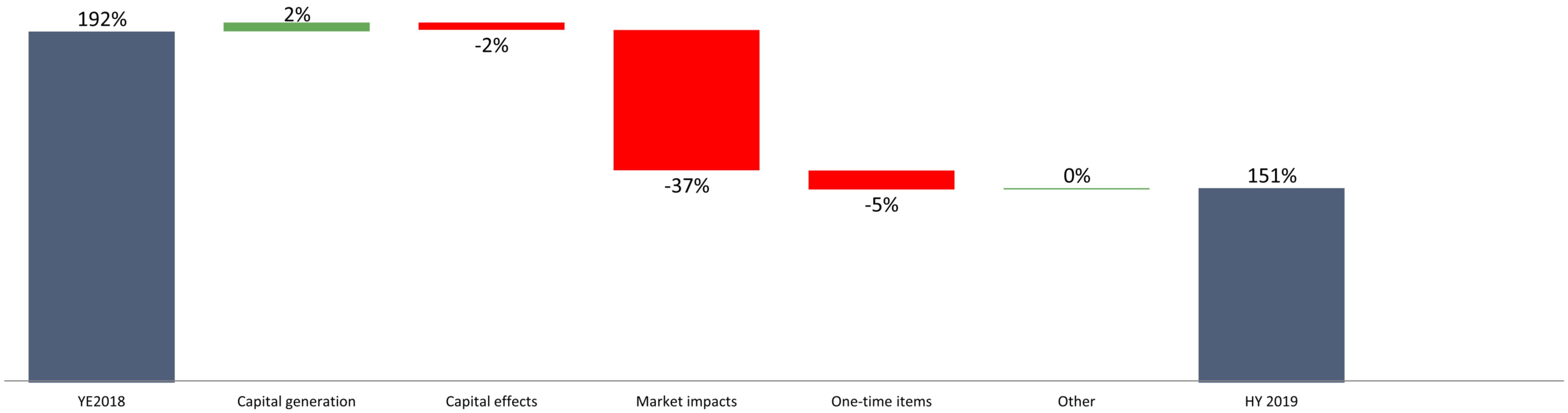
Comments

- Gross premium income was stable, but grew 10% on a like-for-like basis. A release of both unearned premium and risk reserves (EUR 34 million before tax) positively impacted the gross premium income in 1H18. The commercial growth was present in all P&C channels
- The COR improved to 96.0% due to an improved claims ratio driven by positive developments on the most recent accidents years
- The NUR was EUR 16 million higher than 1H18 driven by a better claims ratio as a result of a better performance of the underlying portfolio from continuous efforts to improve underwriting and claim management

VIVAT's Solvency II ratio decreased due to negative market developments

- VIVAT's Solvency II ratio decreased from 192% at year-end 2018 to 151% at the end of June 2019
- Market impacts, including the decrease in the VA from 24 to 9 bps and the decrease in interest rate, had a negative impact of 37 %-points on the Solvency II ratio
- VIVAT has a more conservative asset portfolio compared to the VA reference portfolio. Furthermore, the spread duration of the asset portfolio excluding interest rate derivatives is shorter than the liabilities. As a result, the impact of the VA on the liabilities valuation was only offset for a small part by an increase in spread assets value. The combined negative impact on the Solvency II ratio is about 25 %-points.
- VIVAT hedges the Solvency II ratio for interest rates movements, but the Solvency II ratio was slightly exposed to interest rate downward movement. As a result, the Solvency II ratio decreased by 7 %-points due to the decrease in interest rates in the first half of 2019
- Capital effects, which include the coupon payments on subordinated debt subtracted 2 %-points
- VIVAT's organic capital generation contributed 2%-points to the Solvency II ratio

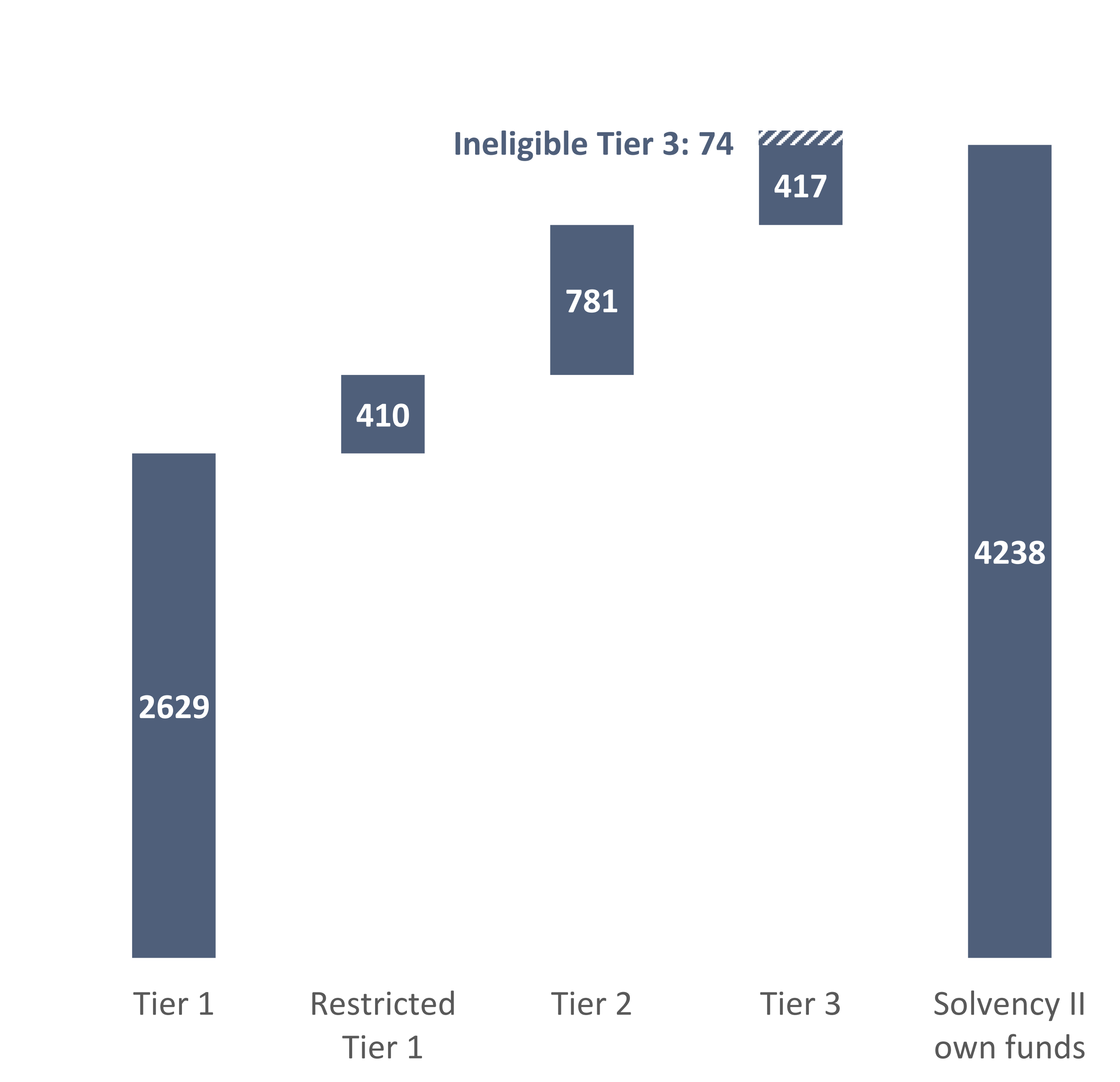
Change in Solvency II ratio in 1H19



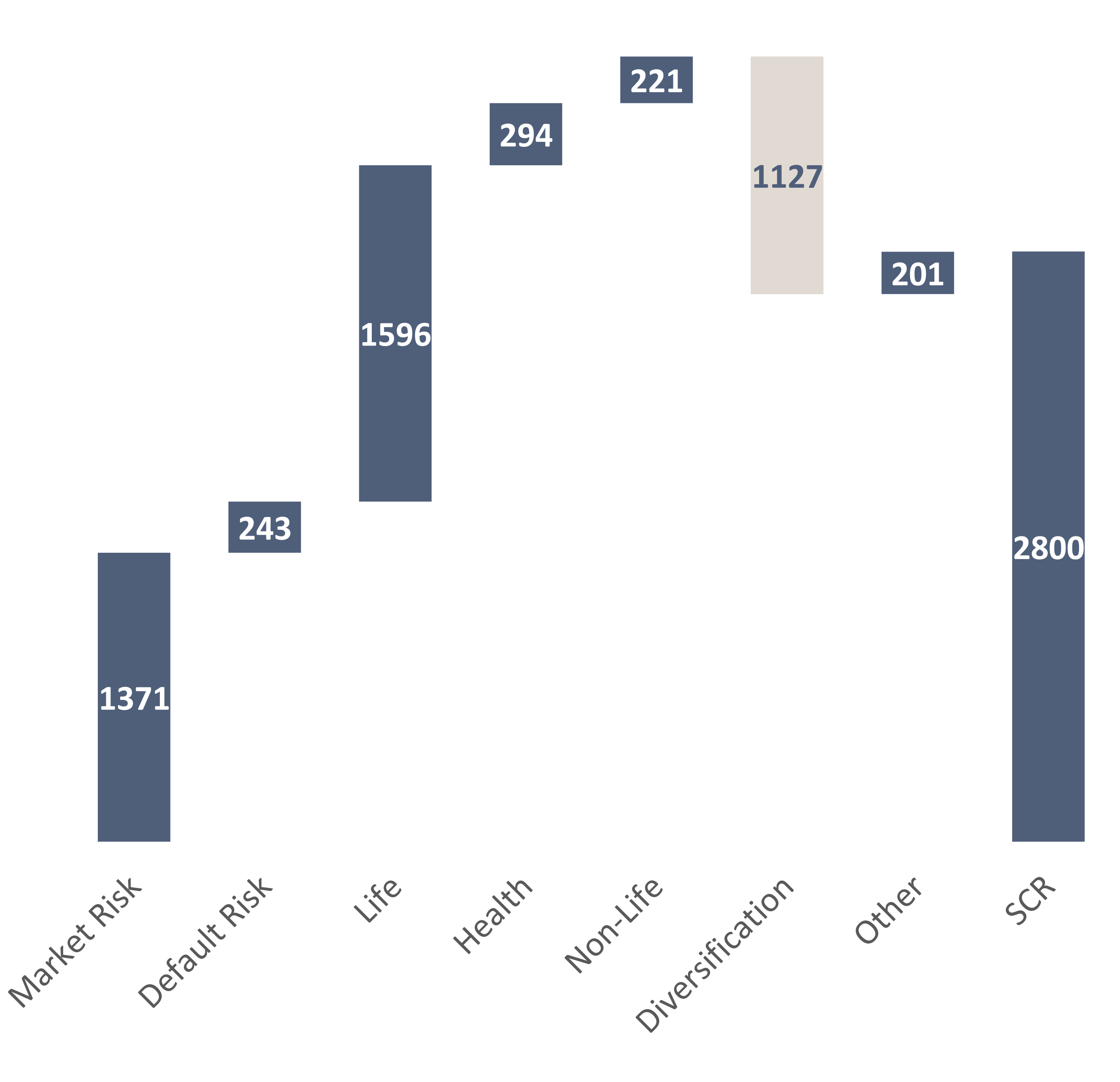
Allocation is based on management's best judgement

Breakdown of VIVAT's Solvency II own funds and SCR

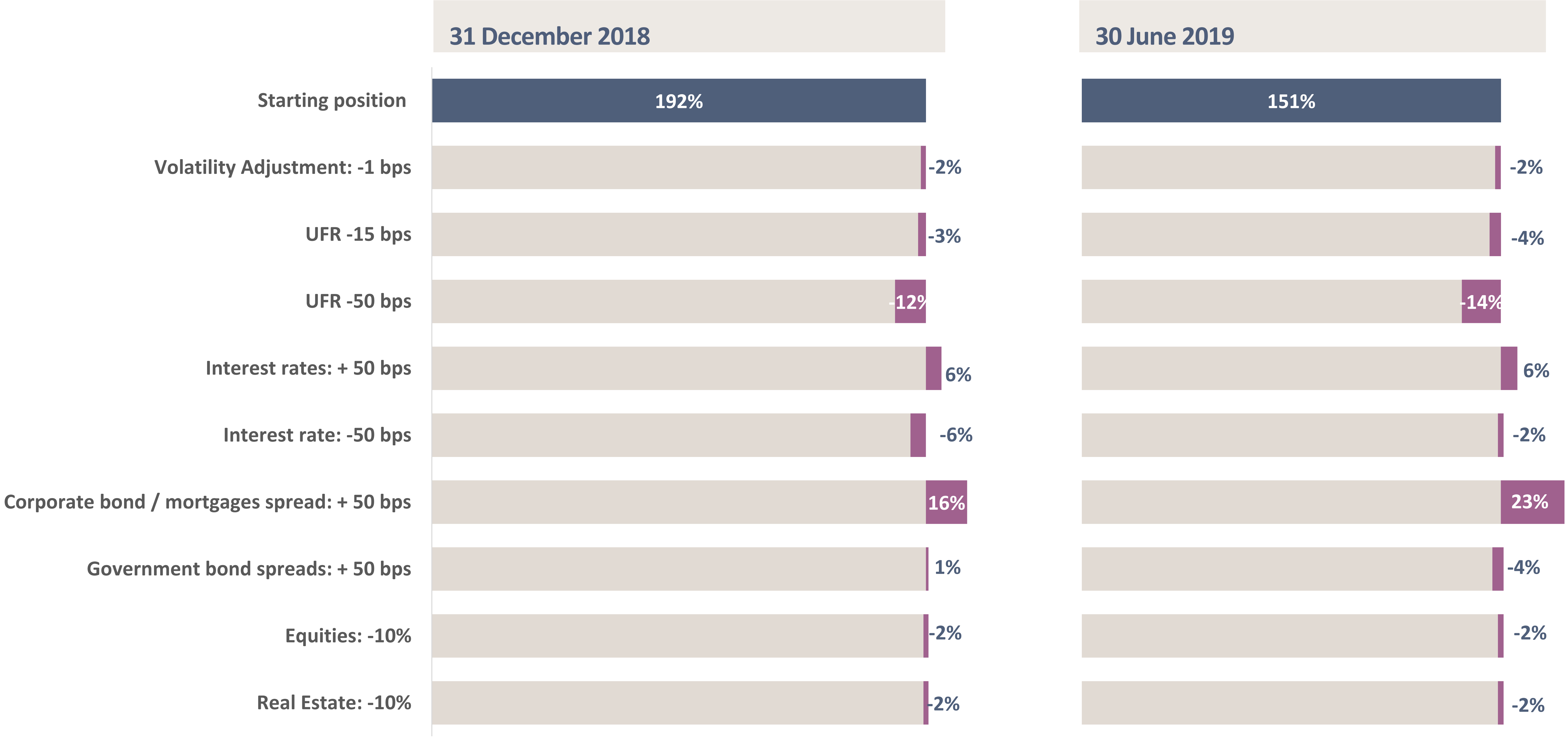
Breakdown own funds VIVAT 30 June 2019 (€ mln)



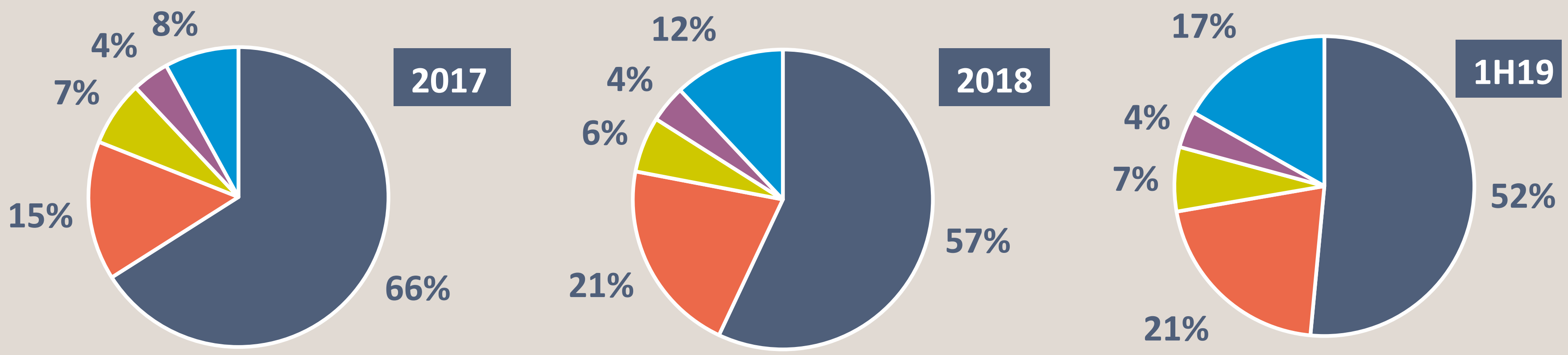
Breakdown SCR VIVAT 30 June 2019 (€ mln)



Sensitivities of the Solvency II ratio of VIVAT as of 30 June 2019 compared with 31 December 2018



Pace of re-risking accelerated after longevity hedge



Amounts x € bn	2017	2018	1H19
SOVEREIGNS	**22.7**	**20.3**	**21.1**
Sovereign AAA	13.4	12.5	11.5
Sovereign AA	2.4	2.0	2.7
Sovereign A / BBB	1.3	1.4	1.5
Other sovereigns	0.6	0.6	0.9
Supranationals	4.8	3.8	4.6
CREDITS	**5.3**	**7.5**	**8.5**
Euro Financials	2.4	2.5	2.5
Euro Corp	1.8	1.7	1.9
Asset Backed Securities	0.9	0.7	0.6
Covered bonds	0.3	0.2	0.2
Credits other	0.0	2.4	3.3

	2017	2018	1H19
EQUITY LIKE	**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**	**2.9**
MONEY MARKET FUNDS	2.2	3.0	3.1
COLLATERAL TRADE	0.8	0.8	1.2
OTHER (a.o. derivatives)	-0.3	0.4	2.5

High quality investment portfolio

- Re-risking has picked up momentum in 1H19 with sovereign exposure being materially reduced in favour of, amongst others, additions in:
  - I. EUR High Yield (‘credits other’)
  - II. Dutch mortgages (‘mortgages’)
  - III. High quality secured financing transactions (‘collateral trade’)
  - IV. Real estate investments of which further ramp-up is to follow
- Exposure towards ‘Equity like’ remained limited in view of continued market volatility
- Exposure in ‘other’ increased due to interest rate movements

	Allocation 1H19	Targeted direction
Sovereigns	52%	∨
Credits	21%	∧
Mortgages	7%	∧
Equity like and real estate	4%	∧
Other	17%	=

Key messages

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