VIVAT

Press release

Amstelveen, September 5, 2018

VIVAT Interim Results 2018

Positive momentum continues following strategic choices

Improvement of underlying result and progress with re-risking

- Net underlying result up 58% to EUR 115 million (1H17: EUR 73 million), positively impacted by higher interest income from the interest rate derivatives portfolio
- Combined ratio at 100.9%, excluding the impact of the January storm at 95.6% (1H17: 99.4%)
- Gross written premiums down 6% to EUR 1,607 million, excluding pension fund buy-outs premium income up 5% due to higher premiums for Life Corporate and Property & Casualty
- Total operating costs remained stable compared to the first half of 2017
- IFRS net result of -/- EUR 173 million driven by the tender offer of the SRLEV notes and additions to the Liability Adequacy Test (LAT) shortfall due to the decrease in the Ultimate Forward Rate (UFR), portfolio developments and market movements

- Successful issuance of EUR 300 million Restricted Tier 1 (RT1) notes in June 2018 combined with a successful tender offer of EUR 150 million for the SRLEV EUR 400 million subordinated notes
- Solvency II ratio (standard model) of VIVAT NV increased to 167% (162% at YE17) mainly as a result of the RT1 issuance and an increase of the Volatility Adjustment (VA) partly mitigated by the decrease of the UFR and the ongoing re-risking activities
- Solvency II ratio (standard model) of SRLEV NV decreased to 151% (157% YE17) following the impact of the decrease of the UFR and the ongoing re-risking activities
- Liquidity position holding at EUR 748 million (EUR 653 million YE17)
- Re-risking on track, sovereign investment exposure decreased to 61% in the investment portfolio (66% YE17) and, in the third quarter, EUR 200 million of share capital was injected into SRLEV from VIVAT to enable further re-risking

- VIVAT again rewarded for its sustainability efforts and in line with its sustainability policy also ended variable remuneration for its employees
- VIVAT together with Amsterdam Data Science opened an 'Insurance Lab' to develop and apply new technologies

Ron van Oijen, Chairman of VIVAT's Executive Board:
"Our performance in the first half year of 2018 once again emphasised the fact that VIVAT has made the right strategic choices. The net underlying result was up significantly, costs remained stable and commercially we saw growth in the areas VIVAT focuses on. Progress was also made in optimising the investment portfolio.

In June 2018, VIVAT was able to issue EUR 300 million Restricted Tier 1 notes in a challenging market environment. At the same time, the tender offer of EUR 150 million for the publicly outstanding EUR 400 million subordinated notes was successful. Both transactions helped increase VIVAT's Solvency II ratio, based on the standard model, to 167%.

Following the EUR 375 million single premium pension fund buy-out in 2017, Life Corporate entered into another buy-out in May 2018 representing EUR 211 million of single premium and increased the premium income excluding buy-outs. The product line P&C also increased its premium income despite the competitive market and a change to the composition of the portfolio.

VIVAT continued to invest in innovation. In January 2018, VIVAT and Amsterdam Data Science (ADS) opened an 'Insurance Lab' to develop and apply new technologies which enables VIVAT to be even better equipped to offer our customers the best possible service.

Our efforts in the field of sustainability were once again recognised by the Fair Insurance Guide according to our consistently high rankings in different themes in recent surveys. In line with our sustainability policy, we have ended the variable remuneration in our new Collective Labour Agreement (CLA) which became effective as of 1 July 2018. Zwitserleven successfully launched its sustainable investment funds proposition. Our sustainable asset manager, ACTIAM, was rewarded with two Thomson Reuters Lipper fund awards which we believe proves that responsible investment adds value.

Going forward VIVAT will keep executing its strategy by focussing on innovation, further reducing our cost base and optimising the investment portfolio. We will continuously serve the needs of our customers and stakeholders helped by the efforts of our committed employees".

VIVAT key figures

in € millions/percentage	1H18	1H17
Net Underlying Result VIVAT[1]	115	73
Net result IFRS	-173	-60
Combined Ratio Property & Casualty	100.9%	99.4%

in € millions/percentage	1H18	FY17
Solvency-II ratio VIVAT	167%	162%
Equity	3,653	3,547

[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).

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Financial result

The net underlying result improved in the first half of 2018 by EUR 42 million to EUR 115 million, mainly driven by higher interest income from the interest derivatives portfolio which was partly offset by claims originating from the January storm.

The net IFRS Result decreased by EUR 113 million compared to the first half of 2017 driven by the successful tender offer of the SRLEV notes and additions to the LAT shortfall due to the decrease in the UFR from 4.2% to 4.05%, portfolio developments and market movements.

in € millions	1H18	1H17
Result		
Premium Income	1,607	1,704
Direct Investment Income	619	595
Operating expenses	182	183
Net underlying result VIVAT	115	73
Net result IFRS	-173	-60

[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).

Gross Premium Income decreased by 6% from EUR 1,704 million to EUR 1,607 million. This decrease was mainly due to differences in single premium pension contracts in both the first half of 2017 and 2018 (EUR 375 million in 2017 and EUR 211 million in 2018). Excluding these effects premium income increased by EUR 67 million, mainly in Life Corporate and P&C. Individual Life premiums are slightly lower compared to 1H17 as a result of a shrinking market.

Direct investment income increased in HY1 2018 compared to HY1 2017, mainly due to an increase in interest income from the interest derivatives portfolio.

Operating expenses remained stable compared to the first half of 2017, despite additional costs for handling the January storm, investments in ACTIAM and a focus on customer engagement and client processes (PEGA).

The reconciliation of the net underlying result to net result IFRS is presented in the table below:

in € millions	1H18	1H17
Net Underlying Result VIVAT	115	73
1) Change LAT-shortfall Life in P&L	-254	-161
2) other (un)realised changes in fair value of A/L	-34	28
3) non operating expenses and profits	0	0
Net result IFRS VIVAT	-173	-60

The movement in the LAT was driven by adjustments to assets and liabilities for valuation differences between book and market value.

Other (un)realised changes in fair value of A/L (asset and liability) were impacted by the tender offer of the SRLEV notes and the result on hedges on USD loans. No non-operating expenses and profits were reported.

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Financial result per segment

Life Corporate

in € millions	1H18	1H17
Result		
Gross Premium Income	788	923
Direct Investment income	319	267
Operating expenses	49	51
Net Result IFRS	**-212**	**-125**
Net Underlying Result	**61**	**12**

Gross premium income was down 15% from the first half of 2017, strongly impacted by the effect of pension fund buy-outs in both years (EUR 375 million in 2017 and EUR 211 million in 2018). Excluding buy-outs, premium income increased by 5% compared to the first half of 2017.

The net result IFRS decreased by EUR 87 million to EUR -212 million compared to last year. The result is negatively impacted by an increase in the LAT shortfall of EUR 93 million.

The net underlying result increased by EUR 49 million to EUR 61 million primarily due to higher interest income from the interest derivatives portfolio. Lower operating expenses were mainly a result of lower internal and external staff costs.

Individual Life

in € millions	1H18	1H17
Result		
Gross Premium Income	440	448
Direct Investment income	277	317
Operating expenses	48	44
Net Result IFRS	**55**	**79**
Net Underlying Result	**67**	**73**

Gross premium income decreased by 2% mainly as a result of the shrinking individual life market. The decrease in regular premium income was partly compensated by higher single premium income.

The net result IFRS decreased by EUR 24 million to EUR 55 million compared to the first half year of 2017 mainly due to a lower interest result driven by lower direct investment income and higher interest expenses. Lower direct investment income is linked to a shrinking portfolio. The higher interest expenses related to the tender offer of the SRLEV notes. In June 2018 EUR 150 million notional was tendered at a premium of EUR 30 million.
Operating expenses were slightly higher compared to the first half of 2017 as a result of a new project focusing on additional customer care activities for unit-linked policyholders.

The net underlying result of EUR 67 million was EUR 6 million lower compared to the first half year of 2017, mainly due to the lower direct investment result.

Property & Casualty

in € millions	1H18	1H17
Result		
Gross Premium Income	379	333
Direct Investment income	6	8
Operating expenses	55	56
Net Result IFRS	**2**	**-4**
Net Underlying Result	**-5**	**-1**
Combined Ratio (COR)	**100.9%**	**99.4%**

Gross premium income in the first half of 2018 increased significantly to EUR 379 million compared to the first half of 2017, mainly as a result of growth in all areas of the portfolio and a release from the unearned premium reserve linked to authorised agents (EUR 20 million) due to an improvement of in depth portfolio data.

Direct investment income was lower compared to the first half of 2017 because of the lower yield on the investment portfolio as this portfolio mainly consists of AAA Sovereign bonds.

Operating expenses were moderately lower than in the first half of 2017, despite a growing portfolio and the additional costs for handling the January storm.

The net result IFRS in 2018 was positively impacted by the improved underlying claim ratios and by realised gains on the sale of investments.

The net underlying result was EUR 4 million lower due to the January storm in 2018 (impact of EUR 15 million after reinsurance and tax). Additional reinsurance coverage was obtained in July 2018. The underlying result excluding the storm was EUR 10 million higher than the first half year of 2017 driven by a better claims ratio as a result of better performance of the underlying portfolio and a release from the unearned premium reserve linked to authorised agents. The Combined Ratio excluding the January storm was 95.6%.

ACTIAM

in € millions	1H18	1H17
Result		
Received fee and commission	35	38
Paid fee and commission	17	17
Net fee and commission income	**18**	**21**
Operating expenses	23	21
Net Result IFRS	**-4**	**0**
Net Underlying Result	**-4**	**0**
Assets under management (€ billions)	**56.3**	**54.1**

Net fee and commission income decreased to EUR 18 million in the first half of 2018. This was mainly the result of the outflow of funds related to changes in client portfolios.

Operating expenses rose by EUR 2 million as a result of strategic investments to support future growth.

Both net the underlying result and the net IFRS result decreased by EUR 4 million compared to the first half of 2017 as a result of lower net fees and commission income as well as higher operating expenses.

Assets under management increased to EUR 56.3 billion as a result of expansion of the SRLEV mandate, new inflow of responsible index funds (over EUR 1 billion since the launch date) and market movements.

Holding

in € millions	1H18	1H17
Result		
Net fee and commission income	-1	0
Investment income	2	0
Total Income	1	0
Operating expenses	7	11
Other interest expenses	13	5
Net Result IFRS	-14	-11
Net Underlying Result	**-4**	**-11**

The net underlying result in the first half year 2018 increased by EUR 7 million compared to the same period in 2017, mainly driven by the refinancing of loans with lower coupons and lower operating expenses. The net IFRS result was also impacted by market movements on hedges on USD loans.

Changes in the intercompany financing structure led to both higher investment income and higher interest expenses. The issuance of EUR 650 million senior debt in May 2017 negatively impacted interest expenses. The issuance of USD 575 million Tier 2 notes in November 2017 was used for refinancing the intercompany loans with Anbang. Viewed together this led to structurally lower financing costs. Higher investment income was offset by market movements on hedges on USD loans, impacting the IFRS result but having no impact on the underlying result.

In June 2018 VIVAT issued EUR 300 million RT1 notes. From the net proceeds an amount of EUR 180 million (nominal EUR 150 million) was used for the partial tender offer of SRLEV notes.

Capital Management

VIVAT's Solvency II ratio increased from 162% at year-end 2017 to 167% at the end of June.

The eligible own funds increased from EUR 3,772 million to EUR 4,122 million. The negative impact of the decrease in the UFR from 4.20% to 4.05% per 1 January 2018 was more than offset by the positive impact of the increase in the VA from 4 bps to 10 bps. Due to VIVAT's conservative investment portfolio the positive impact of the increase in the VA is significantly larger than the impact of increasing credit spreads of the value of the investment portfolio. Eligible own funds also profited from the issuance of EUR 300 million RT 1 notes in June 2018.

The SCR increased from EUR 2,327 million to EUR 2,471 million. This increase was mainly caused by an increase in market risk due to the ongoing re-risking of the investment portfolio and adjustments in the interest rate risk hedges.

SRLEV's Solvency II ratio decreased from 157% to 151% following the impact of the decrease of the UFR and the ongoing re-risking activities. In the third quarter, VIVAT injected EUR 200 million of share capital into SRLEV to enable further re-risking.

in € millions/percentage	1H18	FY17
Eligible own funds VIVAT NV	4,122	3,772
Consolidated Group SCR	2,471	2,327
Solvency II ratio VIVAT NV	167%	162%
Eligible own funds SRLEV NV	3,315	3,238
Consolidated SRLEV SCR	2,200	2,060
Solvency II ratio SRLEV NV	151%	157%

Balance Sheet

in € millions	1H18	FY17
Statement of financial position		
Total assets	**56,598**	**56,747**
Investments	38,878	38,624
Investments for account of policyholders	12,735	13,202
Loans and advances to banks	1,689	1,814
Shareholders' equity	3,353	3,547
Holders of other equity instruments	300	0
Equity	**3,653**	**3,547**
Total liabilities	**52,945**	**53,200**
Insurance liabilities	47,177	46,794
Subordinated debt	873	1,016
Senior debt	643	642
Amounts due to banks	1,239	1,643

Assets

Investments (for own risk) increased in the first half of 2018. The increase is mainly due to the inflow from the pension fund buy-out, a transfer from investments for the account of policyholders and the new RT1 notes, which were partly offset by a partial settlement of repo transactions (-/- EUR 0.4 billion). Market interest rates have slightly decreased in the first half of 2018.

Liabilities

Insurance liabilities increased mainly as a result of the received single premium from the pension fund buy-out and decreased market interest rates in the first half of 2018 resulting in a higher market value.

In June 2018 VIVAT issued EUR 300 million RT1 notes (which were recorded in Equity). From the net proceeds an amount of EUR 180 million (nominal EUR 150 million) was used for the tender offer of the SRLEV notes.

Amounts due to banks decreased mainly as a result of the partial settlement of repo agreements.

Statement of consolidated balance sheet VIVAT NV

in € millions	1H18	FY17
Assets		
Intangible assets	1	1
Property and equipment	63	65
Investments in associates	0	0
Investment property	383	380
Investments	38,878	38,624
Investments for account of policyholders	12,735	13,202
Investments for account of third parties	642	630
Derivatives	848	760
Deferred tax assets (net)	506	491
Reinsurance share	176	181
Loans and advances to banks	1,689	1,814
Corporate income tax	105	31
Other assets	341	302
Cash and cash equivalents	231	259
Assets held for sale	0	7
Total assets	**56,598**	**56,747**
Equity and liabilities		
Share capital[1]	0	0
Other reserves	3,526	3,663
Retained earnings	-173	-116
Shareholders' equity	**3,353**	**3,547**
Holders of other equity instruments	300	**0**
Equity	**3,653**	**3,547**
Subordinated debt	873	1,016
Senior debt	643	642
Insurance liabilities	47,177	46,794
Liabilities investments for account of third parties	642	630
Provision for employee benefits	572	585
Other provisions	34	44
Derivatives	645	636
Amounts due to banks	1,239	1,643
Other liabilities	1,120	1,210
Total equity and liabilities	**56,598**	**56,747**

[1] The issued and paid up share capital of VIVAT NV is € 238.500

Statement of consolidated profit or loss VIVAT NV

in € millions	1H18	1H17
Income		
Premium income	1,607	1,704
Less: Reinsurance premiums	24	25
Net premium income	1,583	1,679
Fee and commission income	41	43
Fee and commission expense	13	9
Net fee and commission income	28	34
Share in result of associates	4	0
Investment income	653	539
Investment income for account of policyholders	101	128
Result on derivatives	-160	-346
Result on investments for account of third parties	5	29
Other income	0	0
Total income	**2,214**	**2,063**
Expenses		
Technical claims and benefits	1,884	1,859
Charges for account of policyholders	200	-68
Acquisition costs for insurance activities	90	78
Result on liabilities from investments for account of third parties	5	29
Staff costs	130	140
Depreciation and amortisation of non-current assets	3	5
Other operating expenses	49	38
Impairment losses	3	1
Other interest expenses	88	62
Other expenses	0	0
Total expenses	**2,452**	**2,144**
Result before taxation	**-238**	**-81**
Taxation	-65	-21
Net result continued operations for the period	**-173**	**-60**
Net underlying result	**115**	**73**

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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 57 billion (end of December 2017) 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 the interim results 2018 of VIVAT NV as described above.

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As per June 30 2018 the same accounting principles have been applied as per December 31 2017 for the annual report 2017 of VIVAT NV.

All figures in this document are unaudited.