VIVAT N.V.

Insurance Entities

Full Rating Report

Ratings

Insurer Financial Strength Rating

Reaal Schadeverzekeringen NV	BBB+
SRLEV N.V.	BBB+

Issuer Default Rating

VIVAT N.V.	BBB

Long-Term Debt Ratings

Senior (XS1600704982)	BBB-
Subordinated (XS1717202490)	BB

Rating Outlooks

Stable

Financial Data

VIVAT N.V.

(EURbn)	2015	2016
Total equity	3.5	3.7
Total assets	60.3	58.8
Net income	0.11	0.16
Return on equity (%)	4	4
Solvency II ratio (%)	160	175

As of 31 December

Related Research

2018 Outlook: Dutch Insurance (December 2017)

Dutch Insurance Dashboard 2018 Outlook, (January 2018)

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Key Rating Drivers

Ratings Based on Standalone Profile: The ratings reflect Fitch Rating's view that VIVAT N.V.'s credit profile as a standalone Dutch insurer is not directly affected by that of its parent, Anbang Insurance Group Co. Ltd. (Anbang), which is below that of VIVAT.

Fitch believes that the regulatory and governance framework under which VIVAT operates protects its capitalisation and policyholders through restrictions on the minimum capital position and on capital flows to the shareholder. VIVAT's operations and credit metrics stabilised in 2015-2016, thereby establishing it as a financially and operationally independent Dutch insurer.

Strong Capitalisation: VIVAT scored 'Extremely Strong' in Fitch's Prism Factor-Based Capital Model (Prism FBM) at end-2016 (end-2015: 'Very Strong'). New subordinated capital (USD190 million) provided by Anbang in December 2016 lead to a slight improvement in the Prism score. We expect VIVAT to maintain its Prism FBM score at or near 'Extremely Strong'.

Increased Financial Leverage: Fitch expects VIVAT's financial leverage ratio (FLR) to have increased to more than 30% at end-1H17 from 21% at end-2016 due to a EUR650 million senior debt issue in May 2017. As a result, VIVAT's FLR is one of the highest among European peers. However, we view a further rise in the FLR in 2018 as being unlikely.

Stable Dutch Market Position: VIVAT has a stable presence in the Dutch insurance market, notably in life insurance. At end-2016, it ranked fourth in the Dutch life market with a 13% market share and was fifth in the non-life segment with a 5% market share based on gross premiums (excluding health). VIVAT has no international business diversification.

Volatile Profitability: VIVAT's underlying earnings improved to EUR73 million in 1H17 (1H16: EUR53 million) supported by significant cost savings and improved non-life combined ratio (1H17: 99%; 1H16: 112%). We estimate stable underlying earnings to translate to a run-rate net income return on equity (ROE) of 4%-5%. Actual results could be volatile because of life liabilities' sensitivity to adverse changes in market factors and technical parameters.

Improved Financial Flexibility: Our financial flexibility assessment reflects VIVAT's successful return to capital markets in 2017. VIVAT's fixed-charge coverage improved to 3.5x in 2016 from 2.5x in 2015. However, higher interest expenses due to new senior debt issuance in 2017 could negatively affect the ratio in 2018.

Rating Sensitivities

Improved Profitability, Lower Leverage: A sustained increase in net income ROE to more than 6% (2016: 4%) could lead to an upgrade. The ratings could also be upgraded if financial leverage falls below 25% while the Prism FBM score is maintained at 'Extremely Strong'.

Deteriorating Profitability, Capital: The ratings could be downgraded if VIVAT's net income ROE falls below 3%, or if the Prism FBM score falls to the low end of the 'Strong' category, or if the FLR increases to more than 35% for a sustained period.

Weaker Regulatory Oversight: An adverse change in our perception of the strength of the ring-fencing provided by the regulatory and governance framework under which VIVAT operates could also lead to a downgrade

Deteriorating Parent Credit Profile: Significant deterioration in Anbang's credit profile as assessed by Fitch could also lead to a downgrade of VIVAT's ratings.

Business Profile

Strong Business Profile
- Composite insurer with Dutch focus
- Good Dutch life market position
- Strategic focus on client retention, new products

Composite Insurer with Dutch Focus

VIVAT is a composite insurer with broad product diversification in life insurance (annuities, endowments, term life and unit-linked), non-life insurance (property, casualty, disability), and pensions and asset management.

VIVAT's operations are more sensitive to domestic economic developments in the Netherlands compared to its competitors because of its business focus on the Netherlands and lack of international diversification.

Good Dutch Life Market Position

VIVAT was the fifth-largest Dutch insurer based on end-2016 gross written premiums. It maintained a significant 13% market share based on end-2016 Dutch life insurance gross premiums through SRLEV NV. VIVAT's non-life insurer REAAL Schade ranked fifth in the non-life segment with 5% end-2016 market share based on gross premiums (excluding health).

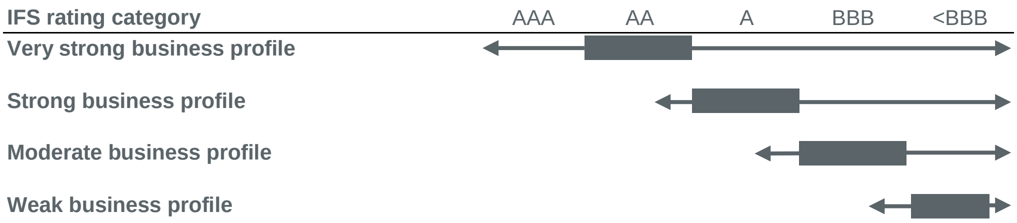
ACTIAM provides asset management services to VIVAT and external clients. Around 15% of the end-2016 EUR55 billion assets under management belonged to third parties.

Strategic Focus on Client Retention, New Products

Due to limited growth opportunities in the Dutch life market, VIVAT focused on retaining existing clients by concentrating on sales of new innovative savings and mortgage products and term-life policies. Growth in the corporate life segment is likely to come from acquisitions as VIVAT decided to stay out of the new general pension fund (APF) market.

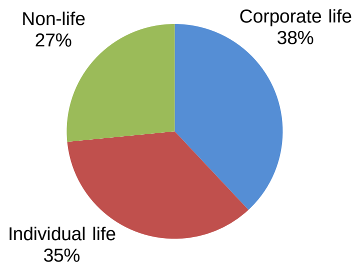
We do not expect significant changes in VIVAT's strategic direction in the medium term.

Ratings Range Based on Business Profile



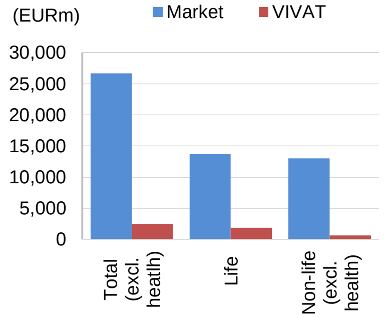
Source: Fitch

VIVAT Premium Split
(End-16: EUR2.5bn)



Source: Company, Fitch

Gross Written Premiums (Netherlands)



Source: Company, Fitch

Related Criteria
Insurance Rating Criteria (November 2017)

Corporate Governance and Management

Corporate governance and management are adequate and neutral to the rating.

VIVAT maintains a two-tier board structure. Anbang delegated four out of seven members to VIVAT's executive board of directors and two out of five members to the supervisory board at end-2016.

VIVAT's board of directors are subject to Dutch legislation.

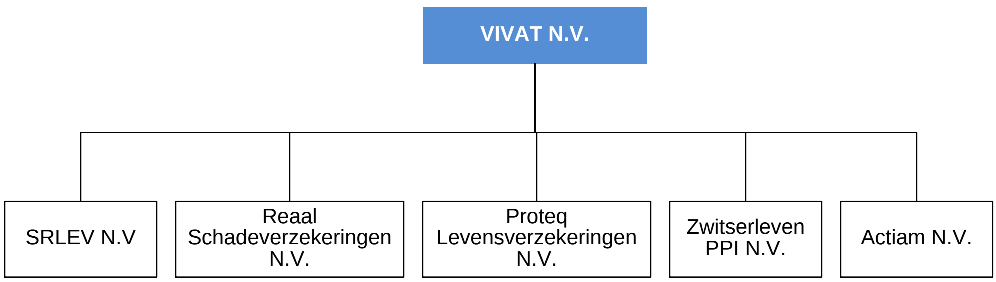
Ownership Is Neutral to Rating

VIVAT is wholly owned by Chinese insurance conglomerate Anbang. Fitch considers Anbang to be a committed shareholder of VIVAT, having provided capital support, and views VIVAT as a strategically 'Important' subsidiary to the parent, based on Fitch's insurance group rating methodology.

We view Anbang's credit profile as neutral to VIVAT's rating. We believe that the regulatory and governance framework under which VIVAT operates protects its capitalisation and policyholders through restrictions on the minimum capital position and on capital flows (i.e. dividend payments) to the shareholder.

VIVAT's operations and credit metrics stabilised in 2015-2016, thereby establishing it as a financially and operationally independent Dutch insurer. Following Anbang's acquisition of VIVAT in 2015, it provided a EUR1.35 billion equity capital injection and initiated a strategic review to return it to profitability. This included changes to the senior management and a large-scale cost-savings programme. The latter was supported by a one-third reduction in the workforce by end-2016.

Structure Diagram



Source: VIVAT

Sovereign and Country Related Constraints

Fitch rates the local-currency sovereign obligations of the Netherlands at 'AAA' with a Stable Outlook, and the Country Ceiling is also 'AAA'. At current levels, the ratings of Dutch insurance organisations are not directly constrained by sovereign or macroeconomic risks.

Industry Profile and Operating Environment

Insurers Responsive to Industry Change

Dutch insurers are well positioned to manage a macroeconomic environment of low interest rates, limited organic growth and strong competition from traditional and new companies. This position is supported by large Dutch insurers' strong capital, business diversification and improvements in operating efficiency.

Solvency II Strong, Sensitivities Manageable

Dutch insurers maintain strong group Solvency II (S2) ratios, supported by profitability and the gradual run-off of capital-intensive life closed books. Average S2 ratios improved to 181% and 175%, respectively, in the life and non-life segments at end-1H17. Key sensitivities include a widening of government bond spreads and a reduction in the ultimate forward rate.

Cost Savings Remain a Focus

We estimate further industry cost reductions of EUR650 million over 2018 to 2020, including cost synergies from the integration of Delta Lloyd into NN Group, following the former's acquisition in 2017.

Non-Life Premiums Set to Increase

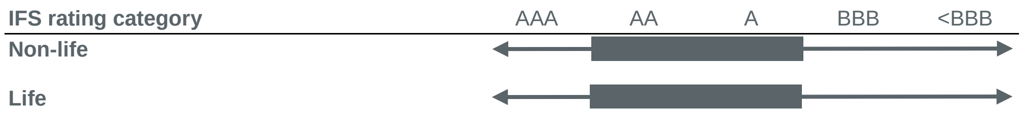
Property and casualty (P&C) combined ratios could continue to improve and underwriting results could stabilise as insurers re-price policies for increased claims across most segments. However, those insurers that are more exposed to the challenging motor third-party liability segment could face further difficulties. We do not foresee any single insurer losing significant market share as a result of repricing, as price increases are likely to be across the market and are also being encouraged by the regulator, the Dutch central bank.

Focus on Client Retention

Life insurers increasingly focus on client retention in the shrinking Dutch individual life market by channelling existing customers to their bank savings products, newer savings and investment products and increasing focus on cross-selling and client relations. Pockets of growth in protection products, such as term-life policies, could partly offset revenue declines.

Profits from closed-book businesses (such as guaranteed products) support earnings. Closed books are tightly managed and optimised through cash-flow matching, hedges for interest rate risk and cost controls.

Ratings Range Based on Industry Profile/Operating Environment



Source: Fitch

Peer Analysis

Business Diversification, Profitability Weaker than Peers

VIVAT's peers are the large Dutch composite insurers. Although VIVAT has a strong position in the Netherlands, its size and scope compare less favourably to other Dutch insurers. VIVAT's business is not internationally diversified, unlike NN and Aegon, which have substantial non-Dutch operations. Achmea is a composite insurer with a market-leading position in Dutch health insurance.

VIVAT's profitability measured by net income ROE is somewhat below Dutch peers, partly resulting from a more conservative investment portfolio of mostly 'AAA' rated European sovereign bonds, while exposure to Dutch residential mortgages remains well below peers. The non-life combined ratio was at the higher end of the peer group, but we expect some improvement in 2017.

VIVAT's capitalisation measured by Prism FBM and S2 is in line with peers; however we estimate financial leverage to have increased to more than 30% at end 1H17, one of the highest in the peer group.

Peer Comparison Table

End-2016 (EURbn)	IFS Rating	Total assets	Total equity	Net income	Pre-tax ROA (%)	NI ROE (%)	Combined ratio (%)	Solvency II (%)	Financial leverage (%)
Aegon	A+/Stable	426	25	0.6	0.2	2	-	159	27
NN Group[a]	A+/Stable	169	23[b]	1.2	1	6	100	241	22
Delta Lloyd[a]	NR	76	3	0.3	0.5	9	105	143	39
VIVAT	**BBB+/Stable**	**59**	**4**	**0.2**	**0.4**	**4.5**	**105**	**175**	**21**
Achmea	NR	93	8[b]	-0.4	-0.3	-4	105	181	23
ASR	NR	57	4	0.7	1.2	15	95.6	189	25

GBP/EUR exchange rate used: 1.16735
[a] Merged in April/2017
[b] Excluding hybrid debt
Source: Companies, Fitch

Capitalisation and Leverage

(EURm)	2012	2013	2014	2015	2016	Fitch's expectation
Total equity	2,932	2,589	2,015	3,451	3,698	Fitch expects VIVAT to maintain very strong capitalisation and focus on managing S2 sensitivities. We do not expect a further increase in financial leverage in 2018.
Financial leverage ratio (%)	48	36	38	21	21	
Total financing and commitments ratio (x)	1.9	1.3	1.4	0.7	0.6	
Regulatory solvency ratio[a] (%)	176	172	136	160	175	
Operating leverage (%)	8	9	14	8	9	

[a] 2012-2014 Insurance Groups Directive ratio, 2015-2016 S2 ratio
Source: Company, Fitch

Very Strong Capitalisation Supports Rating

- Capital protected by regulator
- ‘Extremely Strong’ capitalisation
- Increased financial leverage

Capital Protected by Regulator

We believe that the strong regulatory framework in which VIVAT operates protects its capitalisation and policyholders through restrictions on the minimum capital position and capital flows (i.e. dividend payments) to the parent. VIVAT’s future dividend policy is subject to approval by the Dutch central bank.

‘Extremely Strong’ Capitalisation

VIVAT scored ‘Extremely Strong’ in Fitch’s Prism FBM at end-2016 (end-2015: ‘Very Strong’) largely driven by higher available capital due to an additional USD190 million subordinated debt provided by Anbang in December 2016.

The group S2 ratio (standard formula) improved to 175% at end-2016, but declined slightly to 171% at end-1H17 because of unfavourable market movements.

VIVAT strengthened capitalisation of its main life operating subsidiary SRLEV, using proceeds from a new senior note issued in 1H17. For S2 purposes, SRLEV also added a new non-proportional mass lapse reinsurance contract effective end-2016. The estimated benefit of this contract on VIVAT’s S2 ratio is about 4 percentage points.

VIVAT hedges interest rate risk for S2 to keep sensitivity within 10%. Fitch estimates S2 sensitivity to other factors, such as widening credit spreads and ultimate forward rate reduction was at a manageable level.

Increased Financial Leverage

VIVAT’s Fitch-calculated financial leverage ratio remained little changed in 2016, but we estimate that it will have increased to more than 30% in 1H17 due to a new EUR650 million senior debt issue in May 2017. As a result, VIVAT’s financial leverage is one of the highest among European peers. VIVAT also issued USD575 million subordinated notes in November 2017, but we do not expect that this had a significant effect on the FLR as these notes were issued primarily to pre-fund the redemption of existing subordinated debt held by Anbang.

Debt Service Capabilities and Financial Flexibility

(EURm)	2012	2013	2014	2015	2016	Fitch's expectation
Fixed-charge coverage ratio (including realised and unrealised gains/losses) (x)	0	-5	-6	3	4	Fitch expects VIVAT's interest expenses to increase in 2017 following additional debt issuance. We also expect VIVAT's financial flexibility to be supported by strong regulatory oversight in the Netherlands.

Source: Company, Fitch

Modest Fixed-Charge Coverage Constrains Rating

- Stabilising fixed-charge coverage
- Improved financial flexibility

Stabilising Fixed-Charge Coverage

VIVAT's fixed-charge coverage ratio has stabilised in recent years at a modest level. There was a slight improvement in 2016 from improved profitability and favourable funding costs.

Fixed-charge coverage could benefit from the planned replacement of the subordinated loans held by Anbang with less expensive external debt. However, this improvement could be offset by additional interest expenses on new debt, and potential earnings volatility. Modest profitability remains a major hurdle for a further improvement in VIVAT's debt-servicing capabilities.

Improved Financial Flexibility

Fitch believes strong regulatory oversight in the Netherlands supports VIVAT's financial flexibility by mitigating investor concerns about Anbang's weakened credit profile. In addition, Fitch believes that Anbang's credit profile has recently stabilised.

The successful issuance of senior and subordinated debt in May and October 2017 reflects VIVAT's improved standalone financial flexibility. The planned redemption of subordinated loans held by Anbang will further reduce VIVAT's reliance on its parent for funding.

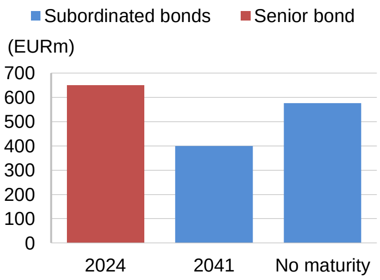
Holding Company Liquidity

VIVAT's liquidity was adequate at end-1H17, in our view. The standalone holding company held about EUR700 million liquid assets at end-1H17 including EUR34 million cash; EUR1 billion subordinated and senior liabilities consisted of private loans issued by Anbang maturing in 2026, and EUR650million senior debt maturing in 2024.

Holding company debt interest expenses are mainly financed from proceeds on internal loans VIVAT provided to its operating subsidiaries.

VIVAT Estimated Debt Maturities

(End-2017)



Source: Company, Fitch

Financial Performance and Earnings

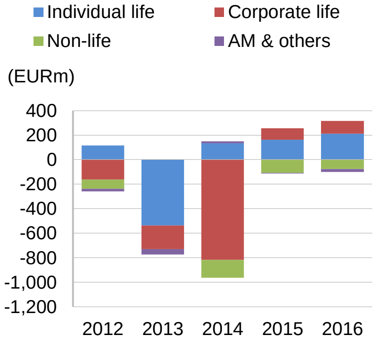
(EURm)	2012	2013	2014	2015	2016	Fitch's expectation
Net income	-149	-625	-612	109	159	Fitch expects VIVAT's profitability to improve, supported by cost savings, and strengthened underwriting performance. We estimate normalised net income ROE around 4%-5%, although actual results could be volatile.
Net income return on equity (%)	-4	-23	-27	4	4	
Pre-tax operating return on assets (%)	0.0	-1.1	-1.3	0.5	0.6	
Published combined ratio (%)	97	108	111	109	105	
Gross LAT reserve addition/(release)	n.a.	147	829	-69	-76	

Source: Company, Fitch

Modest and Volatile Profitability

- Volatile life insurance result
- Non-life margins improved
- Focus on cost savings

Pre-Tax Result by Segment



Source: Company, Fitch

Volatile Life Insurance Result

The profitability of VIVAT's life segment has been volatile in recent years, as adverse changes in market factors (i.e. interest rates, credit spreads) and technical assumptions (i.e. mortality rates, expenses) had an immediate effect on life results through the outcome of the IFRS liability adequacy test (LAT).

The favourable change in the LAT requirement (end-2016: EUR828 million; end-2015: EUR907 million) supported life-segment earnings through a EUR79 million reserve release in 2016. However adverse market movements in 1H17 triggered an increase in the LAT requirement, eventually leading to a EUR60 million net loss for the period (1H16: EUR578 million profit). When normalised for volatility in the LAT requirement, net income in 1H17 would have been positive and improved compared to1H16.

Fitch views that cost savings and the re-risking of the investment portfolio could support VIVAT's underlying life performance.

Non-Life Margins Improved

The non-life combined ratio improved in 2016 to105% from 109% in 2015 despite hailstorm losses (3 percentage-point negative impact), and continued to improve in 1H17 to 99.1% due to cost savings and the absence of significant claims in the period. We expect VIVAT to maintain a combined ratio below 100% for full-year 2017.

Around one-third of VIVAT's non-life business is Dutch motor insurance, a highly competitive segment with weak margins, which puts pressure on the combined ratio. VIVAT manages profitability in the motor segment through premium increases and more selective underwriting.

Focus on Cost Savings

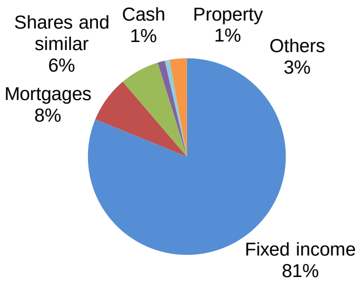
Fitch believes that cost savings are crucial for VIVAT to protect its profitability from shrinking revenues in Dutch individual life, and strong competition in non-life markets. Although VIVAT significantly slashed its workforce in 2016, restructuring expenses mostly offset the benefits of cost savings. Fitch expects VIVAT to maintain strict cost controls, and cost savings to increasingly support financial performance as restructuring expenses decrease.

Investment and Asset Risk

(%)	2012	2013	2014	2015	2016[a]	Fitch's expectation
Risky assets to equity	75	61	76	65	37	Fitch expects that incremental investment risk arising from the re-risking of the investment portfolio to be limited.
Unaffiliated shares to equity	42	45	66	57	25	
Non-investment grade bonds to equity	31	16	10	8	12	

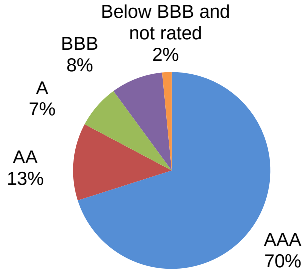
[a] Excludes low-risk investment funds
Source: Company, Fitch

VIVAT Own Account Investment Split
(End-16: EUR35bn)



Source: Company, Fitch

VIVAT Own Account Fixed Income Rating Split
(End-16: EUR28bn)



Source: Company, Fitch

Low Investment Risk Supports Rating

- Conservative re-risking
- Concentrated fixed-income investments
- Relatively small mortgage portfolio

Conservative Re-Risking

VIVAT has further room to re-risk its investment portfolio, mainly by replacing low-yielding ‘AAA’ sovereign bonds with higher-yielding assets, such as investment-grade credits, mortgages, investment funds, and real estate.

There has been no significant change to the investment portfolio as at 1H17. The proportion of ‘AAA’ rated bonds decreased slightly in favour of ‘AA’ and ‘A’ rated debt, while non-investment-grade exposure remained negligible.

Although the re-risking strategy could contribute positively to long-term earnings, portfolio diversification, and the reduction of credit-spread sensitivity under S2 and IFRS, it adds incremental investment risk.

Concentrated Fixed-Income Investments

VIVAT’s own account investments[1] are concentrated on German and Dutch government bonds, which represented 70% of the fixed-income portfolio at end-2016. However, the high credit quality of these securities mitigates concentration risk to these assets from a credit risk perspective.

Relatively Small Mortgage Portfolio

VIVAT’s mortgage exposure – at 8% of the investment portfolio – remains well below large Dutch insurers’ mortgage exposures. VIVAT has substantial room to build its mortgage position. However, this is likely to be done through portfolio acquisitions from Dutch banks as VIVAT does not have its own banking subsidiary.

The Dutch residential mortgage market is stable with historically low credit losses reflecting prudent underwriting standards and a creditor-friendly legal system. Based on Fitch’s insurance rating criteria, residential mortgages are not included in the risky asset ratio.

[1] Own account investments exclude the fair value of hedging derivatives, and investments related to savings mortgages, which are entirely at the policyholder’s risk.

Asset/Liability and Liquidity Management

(%)	2012	2013	2014	2015	2016	Fitch's expectation
Liquid assets to net technical reserves excl. unit linked	130	131	97	99	91	Fitch expects VIVAT will maintain a strong liquidity position, and continued focus on the reduction of ALM sensitivities.
Technical reserves with an expected term to maturity over 20 years/total reserves	n.a.	37	38	41	40	

Source: Company, Fitch

Active ALM, Adequate Liquidity

- Interest rate risk closely managed
- Credit spread risk creates IFRS, S2 volatility
- Substantial liquidity buffer

Interest Rate Risk Closely Managed

VIVAT uses hedging derivatives and cash-flow matching of assets and liabilities to manage interest rate risk. However, as the hedging strategy is focused on insulating the S2 ratio, IFRS equity remains more exposed to rate fluctuations.

VIVAT continues to report a high duration mismatch between its assets and liabilities. This, together with profit-sharing features and guaranteed returns on traditional life and unit-linked policies, contributes to material interest-rate-risk exposure. Like all life insurers writing long-tail business, VIVAT is exposed to persistently low interest rates for new money investments and reinvestments.

Credit Spread Risk Creates IFRS, S2 Volatility

VIVAT's IFRS equity and S2 ratio are sensitive to widening credit spreads due to the risk of mismatching movements in the interest rate used to value assets and the swap curve used to measure insurance liabilities.

VIVAT is most sensitive to the widening of government bond spreads (i.e. the credit deterioration of high-quality eurozone government bonds) due to its significant sovereign bond investments.

While the S2 volatility adjuster (VA) reduces the spread-risk sensitivity of the S2 ratio, it does not fully eliminate it as the composition of VIVAT's own investment portfolio differs from the S2 reference portfolio on which the VA calculation is based.

VIVAT does not hedge credit spread risk, but the sale of German and Dutch government bonds as part of the re-risking strategy contributes to a further reduction of this sensitivity.

Substantial Liquidity Buffer

VIVAT maintains adequate liquidity, with substantial liquid assets of EUR22 billion after haircuts compared to VIVAT's stress scenario liquidity requirements of EUR10 billion as at end-2016. The liquidity requirement increased year-on-year, driven by a larger book of hedging derivatives. Unfavourable market movements could lead to higher collateral posting requirements for derivative contracts.

Reserve Adequacy

(%)	2012	2013	2014	2015	2016	Fitch's expectation
Loss reserves/incurred losses	2.1	1.9	1.8	2.4	2.3	Fitch expects VIVAT's non-life reserving to remain strong. No major future reserve releases or increases are expected.
Loss reserves/equity (non-life)	1.6	3.3	4.5	2.9	2.8	
Change in ratio of loss reserves/earned premiums	4	6	11	5	3	
One-year reserve development to prior-year equity	-1.3	-0.2	-0.7	-0.3	-0.2	
One-year reserve development to prior-year loss reserves	-5.2	-0.7	-1.8	-0.5	-0.5	

Source: Company, Fitch

Prudent Reserving Practices

- Strong non-life reserving
- Positive claims run-off

Strong Non-Life Reserving

VIVAT follows a prudent approach to reserving. The group uses generally accepted actuarial methods for projecting ultimate losses and calculating reserves for claims incurred but not yet reported, therefore material reserve deficiencies are unlikely. In the past five years it has not reported either the need for additional reserve strengthening or unfavourable claims developments.

Positive Claims Run-Off

The development of non-life claims has been positive in the past three years, with the claims run-off result averaging 0.4% of prior-year equity and 0.9% to prior-year loss reserves. Consistent favourable run-off results reflect appropriate and accurate estimation of non-life loss reserves.

Reinsurance, Risk Management and Catastrophe Risk

Adequate Catastrophe Protection, Low Counterparty Risk

- Independent risk management
- Catastrophe risk retention in line with peers
- Good quality reinsurance panel

Independent Risk Management

VIVAT's risk-management processes are fully independent of Anbang's risk-management framework. The adequacy of risk-management processes are ensured by regular interactions with the Dutch central bank.

Catastrophe Risk Retention in Line With Peers

Fitch believes VIVAT's reinsurance programme provides adequate protection against large losses. The catastrophe programme capacity was established to protect the group against natural disasters, with an expected return period of 200 years. The EUR20 million-per-event retention for non-life catastrophe risk is set in line with Dutch peers, approximately equalling a 1-in-9 year event. Both non-life and life retention levels for catastrophe risk were unchanged year-on-year.

Good Quality Reinsurance Panel

Ceded reinsurance is placed with a diverse panel of reinsurers with which VIVAT maintains long-term relationships. All reinsurers have a minimum credit rating of 'A-' and no single group accounted for more than 25% of the ceded business. The lead reinsurer on the insurance panel is Munich Re (Fitch IFS: AA/Stable).

Appendix: Other Ratings Considerations

Below is summary of additional ratings considerations of a “technical” nature, that are also part of Fitch’s ratings criteria.

Group IFS Rating Approach

Fitch rates VIVAT on a stand-alone basis independent of the financial strength of Anbang, due to the de facto regulatory ring-fencing of VIVAT from the parent.

Fitch views both REAAL Schadeverzekeringen NV and SRLEV NV as core subsidiaries of VIVAT and applies a group rating methodology, rating each entity based on a consolidated group assessment.

Notching

For notching purposes, the regulatory environment of the Netherlands is assessed by Fitch as being Effective, and classified as following a Group Solvency approach.

Notching Summary

IFS Ratings
A baseline recovery assumption of ‘Good’ applies to the IFS rating, and standard notching was used from the IFS “anchor” rating to the operating company IDR.
Operating company debt
Not applicable (no rated issues).
Holding company IDR
Standard notching was applied between the insurance operating company and holding company IDRs for a group solvency regulatory environment.
Holding company debt
A baseline recovery assumption of ‘Below Average’ was applied to VIVAT N.V.’s EUR650 million senior debt issue. Standard notching relative to the IDR was used.
Hybrids
For USD575 million tier 2 subordinated debt issued by VIVAT N.V., a baseline recovery assumption of ‘Poor’ and a non-performance risk assessment of ‘Moderate’ were used. Notching of three was applied relative to the IDR, which was based on two notches for recovery and one notch for non-performance risk.

Source: Fitch

Short-Term Ratings

N/A.

Hybrids – Equity/Debt Treatment

Hybrids Treatment

Hybrid	Amount	CAR Fitch (%)	CAR reg. override (%)	FLR debt (%)
VIVAT N.V.				
Subordinated private loans (Anbang)	EUR302m	0	100	100
Subordinated private loan (Anbang)	USD190m	0	100	100
SRLEV N.V.				
Subordinated bond	EUR400m	0	100	100
Perpetual subordinated bond	CHF105m	0	100	100

CAR – Capitalization ratio: FLR – Financial leverage ratio. N.A. – Not Applicable
For CAR % tells portion of hybrid value included as Available Capital, both before (Fitch %) and the Regulatory Override
For FLR, % tells portion of hybrid value included as debt in numerator of leverage ratio
Source: Company, Fitch

Exceptions to Criteria/Ratings Limitations

None.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.