



**VIVAT 1H17  
Results**



## Highlights 1H17

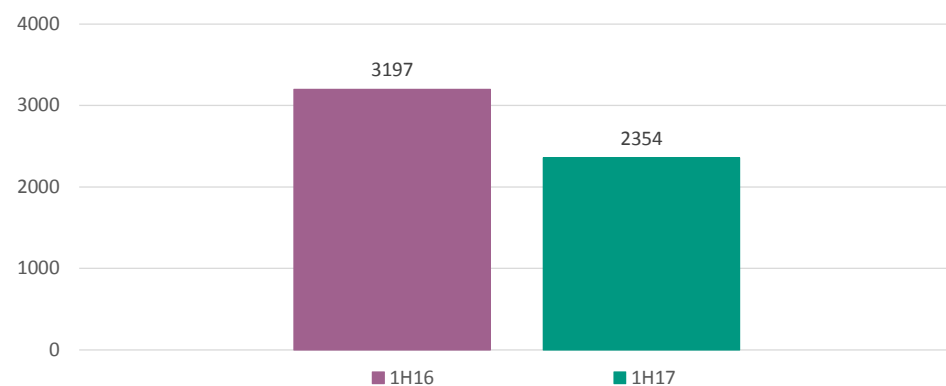
- > Increase of net underlying result to EUR 73 million in 1H17 (1H16: EUR 53 million) as a result of lower costs (-20%) and strong improvement of Combined Ratio P&C (1H17: 99.1%; 1H16: 111.8%).
- > IFRS net result 1H17 of EUR 60 million negative was lower than 1H16 (EUR 578 million) driven by changes in the shortfall of the liability adequacy test (LAT) as a result of market movements.
- > Successful issuance by VIVAT of EUR 650 million senior notes to institutional investors; EUR 250 million of proceeds provided to SRLEV NV as restricted Tier 1 loan in June 2017.
- > Liquidity position holding end June 2017 at EUR 664 million (EUR 267 million YE16).
- > Solvency II ratio (standard model) of VIVAT NV remains robust at 171% 1H17 from 175% at year-end 2016; Solvency II ratio (standard model) of SRLEV NV increases to 162% 1H17 (149% YE16).
- > Increase of gross written premiums supported by a pension fund buy-out.

## Strategic choices and transformation start to pay off

### Key Figures VIVAT

(€ m)	1H16	1H17
Gross Premium Income	1,336	1,704
Direct Investment Income	598	585
Total Operating Costs (excluding restructuring costs)	228	183
Net Result IFRS	578	(60)
<b>Net Underlying Result</b>	<b>53</b>	<b>73</b>
<i>Total Assets (€ bn)</i>	<i>57.8</i>	<i>57.8</i>
<i>Equity</i>	<i>3,698</i>	<i>3,643</i>

### Total FTE (excl. fully provisioned redundancies)



### Reconciliation net result IFRS and net underlying result

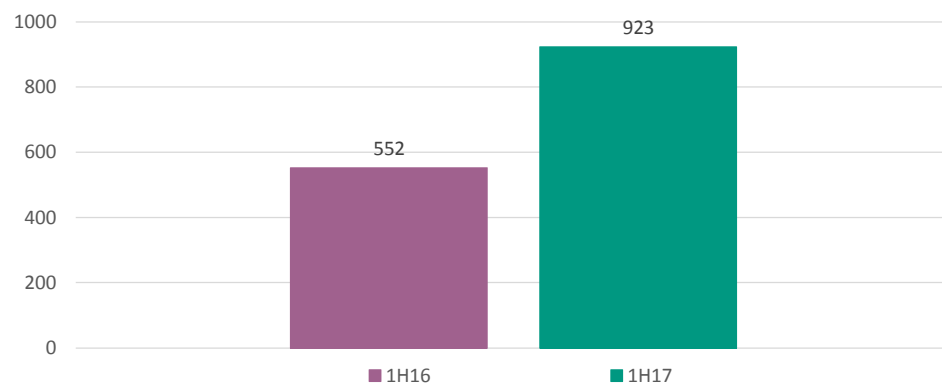
(€ m)	1H16	1H17
<b>Net Result IFRS</b>	<b>578</b>	<b>(60)</b>
Change LAT shortfall Life in P&L	(587)	161
Other (un)realised changes in fair value of assets and liabilities	4	(28)
Non operating expenses	58	0
<b>Net Underlying Result</b>	<b>53</b>	<b>73</b>

### Comments

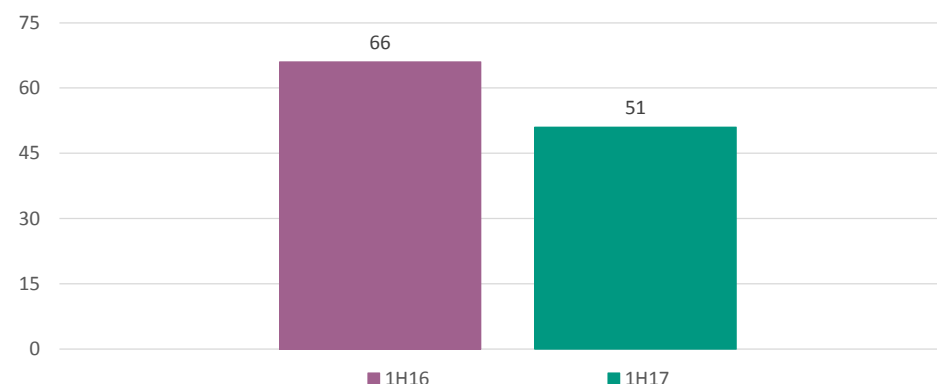
- > Gross premium income increased as a result of a pension fund buy-out.
- > Direct investment income decreased slightly as a substantial part of the Sovereign long duration bonds were sold and were invested in short term liquid sovereign bonds in preparation for reinvesting in higher return assets.
- > Net underlying result up mainly as a result of lower costs (-20% YoY) and strong improvement of combined ratio.
- > Due to less favorable market conditions in 1H17 € 161 million was added to the provisions due to a LAT shortfall, impacting net result IFRS negatively, while € 587 million was released in 1H16.

## Product line Life Corporate: Pension fund buy-out boosts gross premiums

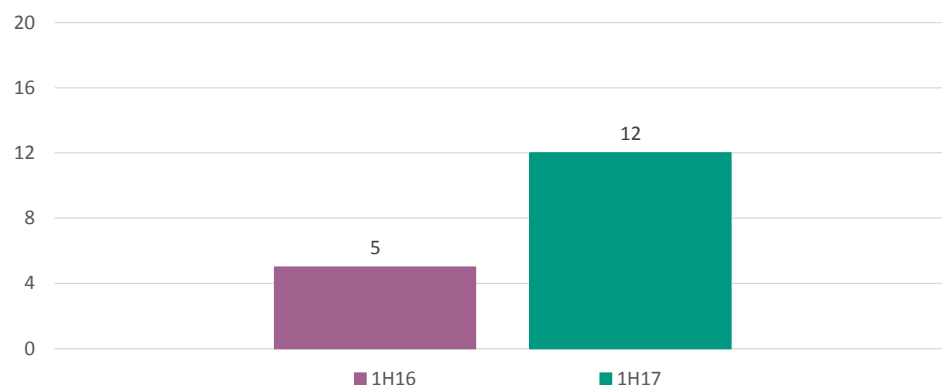
### Gross Premiums (€ m)



### Total Operating Costs (excl. restructuring costs, € m)



### Net Underlying Result (€ m)

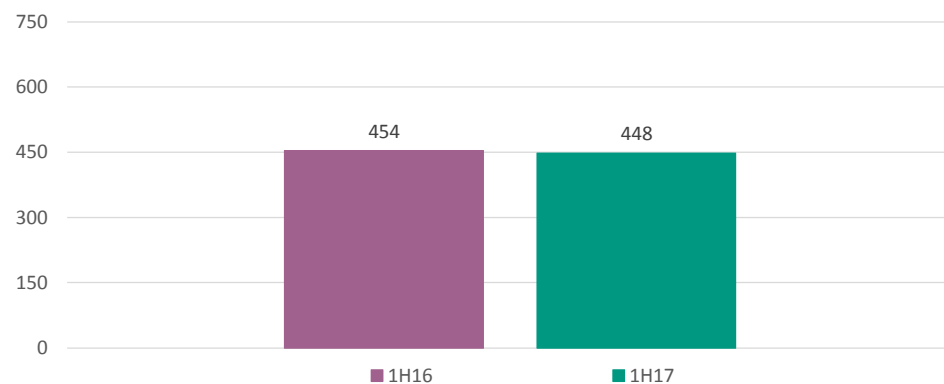


### Comments

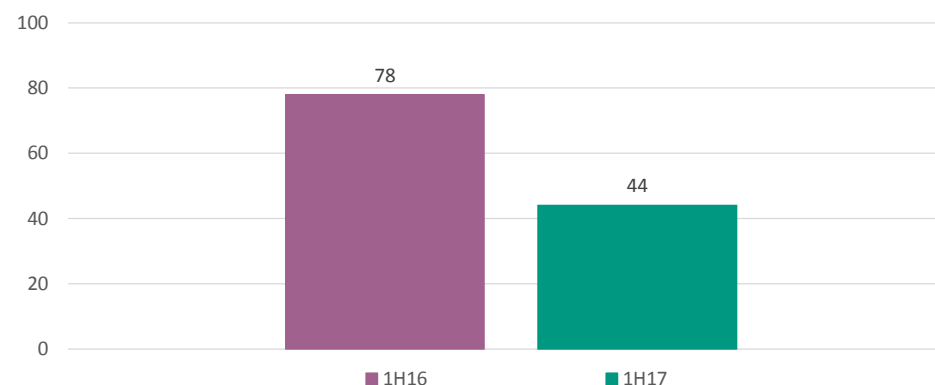
- > Gross premium income increased with 67% compared to 1H16 predominantly as a result of a pension fund buy-out in 1H17 (€ 375 million).
- > Last year's corporate restructuring resulted in a reduction of the operating expenses in 1H17.
- > The net underlying result increased by € 7 million (versus 1H16) to € 12 million, mainly caused by a better technical result and lower expenses.
- > Due to less favorable financial market conditions in 1H17 € 161 million was added to the provisions due to a LAT shortfall, impacting net result IFRS negatively, while € 587 million was released in 1H16.

## Product line Individual Life: Strong cost reduction

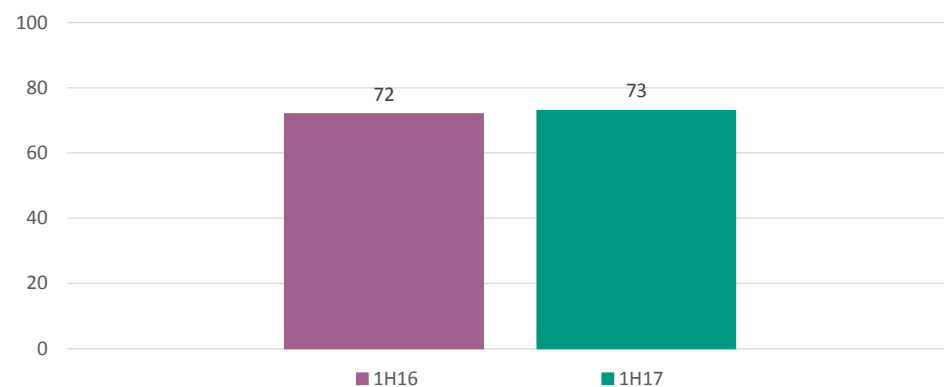
### Gross Premiums (€ m)



### Total Operating Costs (excl. restructuring costs, € m)



### Net Underlying Result (€ m)

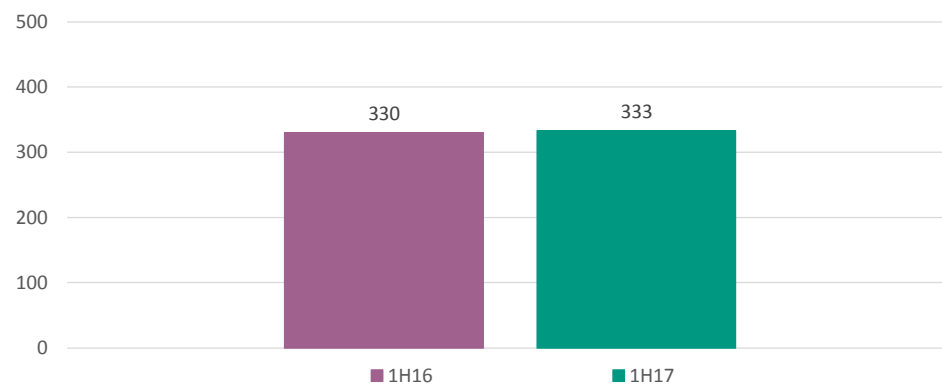


### Comments

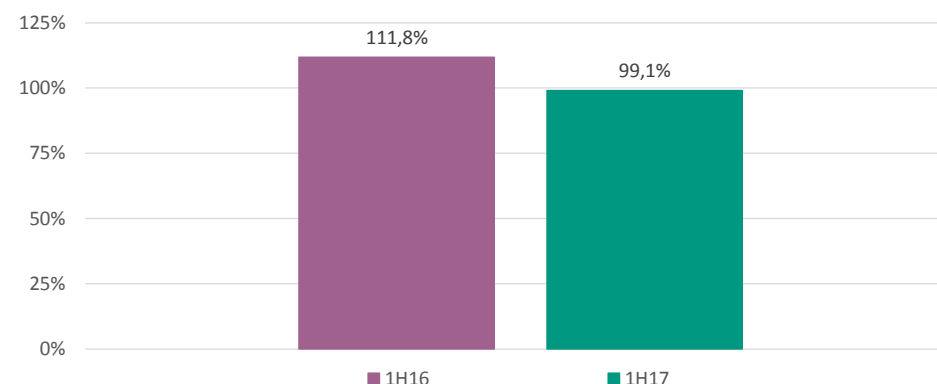
- > Gross premium income decreased slightly as a result of the shrinking individual life market. The decrease in the regular premium was partly offset by an increase in single premium.
- > Sharply lower operating expenses following last year's corporate restructuring
- > The net underlying result remained stable, lower costs were mitigated by a lower cost coverage, a lower technical result and a positive one-off in last year's fee income.
- > The focus of individual life remains to further reduce costs, increase retention and customer centricity.

## Product line Property & Casualty: Strong improvement combined ratio

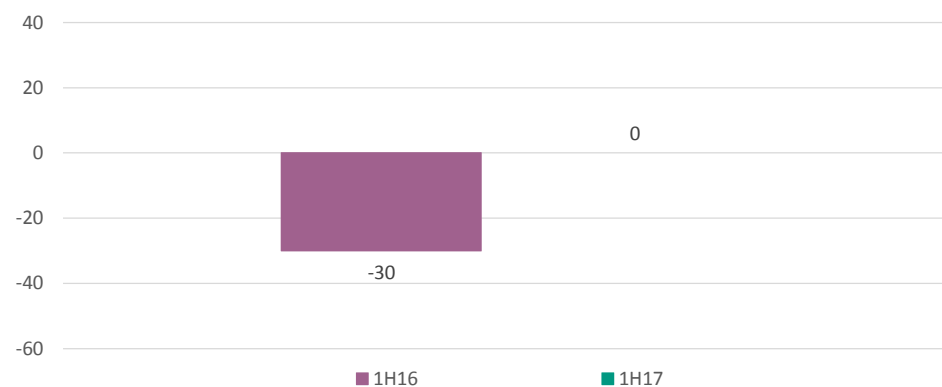
### Gross Premiums (€ m)



### Combined Ratio (COR) Property & Casualty



### Net Underlying Result (€ m)

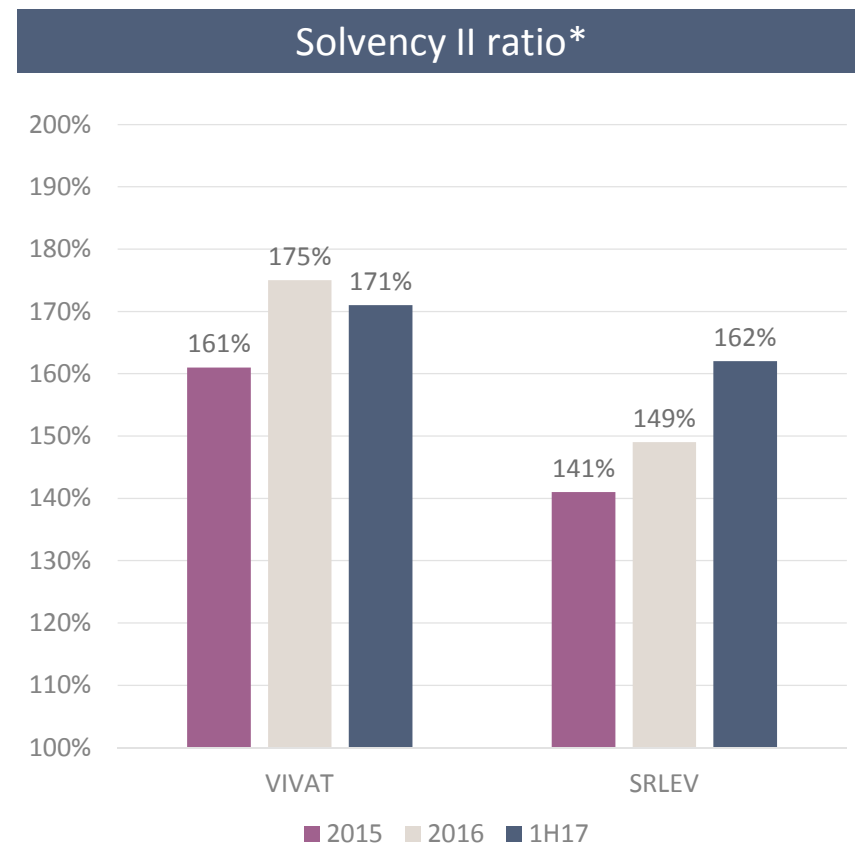


### Comments

- > Gross premium income in 1H17 was marginally higher, although composed of a somewhat revised customer base.
- > The improvement of the COR is attributable to an improvement in the claims ratio due to a better technical result and a lower expense ratio. Excluding the hail storm in 2016 the COR has improved by 5.6%-point (COR excluding hail storm 1H16 was 104.7%).
- > The improvement of the NUR is driven by an improved net technical result (EUR 25 million), lower operating expenses (EUR 7 million) partly mitigated by a lower underlying investment income (EUR 2 million). The negative impact of the hail storm in 1H16 was EUR 18 million.

## Solvency II position of VIVAT remains robust

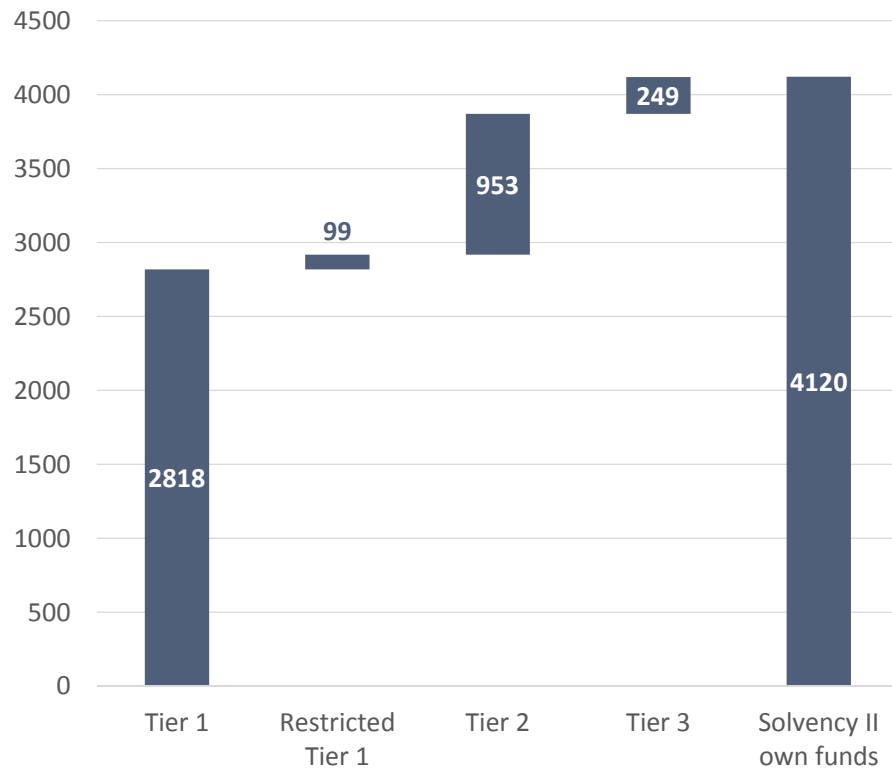
- > Limited uncertainty in calculation of Solvency II:
  - Use of Standard Model (No Internal Model)
  - No transitionals
  - No LACDT
- > Additional buffer to support future growth while maintaining healthy Solvency position:
  - Healthy liquidity position of EUR 664 million at the holding to support subsidiaries if required
  - The Solvency II positions of both Reaal Schadeverzekeringen (non-life) and Proteq Leven are above 140%



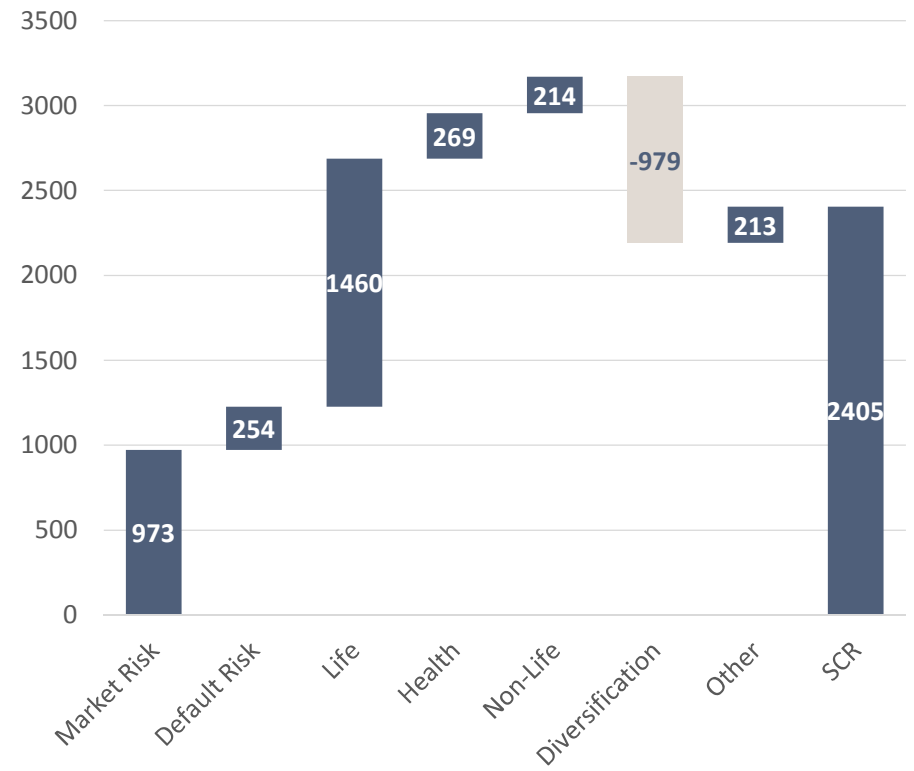
\* Solvency II ratio is not final until filed with the regulator. Full year 2015 figure is day 1 figure as filed with the regulator

# High quality of Solvency II own funds

Breakdown own funds VIVAT (in EUR mln)



Breakdown SCR VIVAT (in EUR mln)





# Continuous focus on sound balance sheet management

## Interest rate risk management protects Solvency II ratio

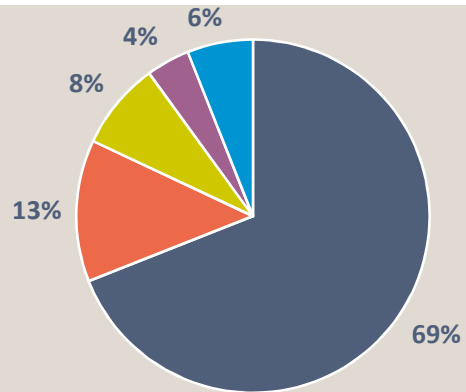
- > VIVAT's interest rate risk management currently focusses on insulating the SII ratio from movements in interest rates. Therefore it takes into account both the impact on own funds and on the SCR.
- > A parallel shock of +100 bps increases the Solvency II ratio from 171% to 180%; a parallel shock of -100 bps decreases the SII ratio from 171% to 165%.
- > VIVAT manages its interest rate risk both by its fixed income portfolio and interest rate derivatives.
- > A decrease in the UFR to 3.7% will lower the Solvency II ratio for VIVAT by 12%-points to 159%; a decrease in the UFR to 4.05% will lower the SII ratio for VIVAT by 3%-points to 168%.

## Reduced swap spread exposure

- > During 2016 VIVAT reduced its holding in long duration government bonds and switched to short duration government bonds.
- > This decreased its exposure to the spread between the swap rate that is used to value the liabilities under Solvency II and the interest rate on government bonds.
- > VIVAT added interest rate derivatives to manage the duration of its assets.

Sensitivities (impact on IFRS Equity, EUR mln)			
	Shock	1H2017	2016
Interest rates	-0.5%	114	166
Interest rates	+0.5%	-90	-129
Credit spreads Corporate Bonds	+0.5%	-51	-77
Credit spreads Sovereign Bonds	+0.5%	-694	-753
Equities	-10%	-54	-62
Property	-10%	-29	-21

## Quick overview of the investment portfolio of VIVAT



Amounts x € bn

### SOVEREIGNS

Germany	8.8
Netherlands	7.3
Sovereign AA	2.7
Sovereign A / BBB	1.2
Other sovereigns	0.3
Supranationals	3.7

### CREDITS

Euro Financials	2.0
Euro Corp	1.4
Asset Backed Securities	0.9
Covered bonds	0.3

24.0

### MONEY MARKET FUNDS

COLLATERAL TRADE	2.2
OTHER (A.O. DERIVATIVES)	0.7
	-0.7

### MORTGAGES

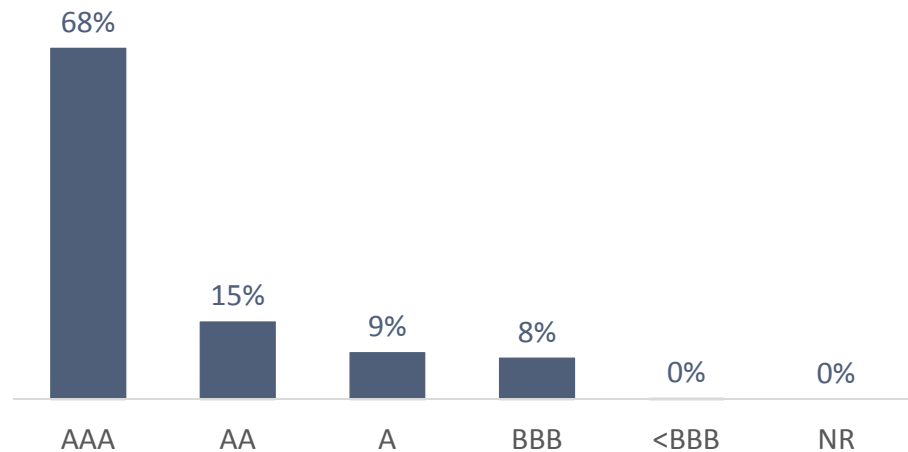
	2.7
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### EQUITY LIKE

Real Estate (direct)	1.3
Real Estate (indirect)	0.3
Equity (funds)	0.0
Fixed Income Funds	0.3

- > VIVAT has a high quality investment portfolio.
- > At 1H2017 82% of the investment portfolio was invested in sovereign and credits.
- > This fixed income portfolio is investment grade rated, with the large majority AAA rated.
- > Mortgages consist of 8% of the investment portfolio.

### Rating diversification fixed income portfolio of Sovereigns and Credits





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