

Zwitserleven PPI NV Annual Report 2015

Zwitserleven



actiam

VIVAT



1. Report of the Board of Directors

General

New Shareholder

Zwitserleven PPI NV (hereafter: '**ZL PPI**') is a wholly owned subsidiary of the insurance holding VIVAT NV. On 26 July 2015, Anbang Group Holdings Co., Ltd. (**Anbang**) became the new sole shareholder of VIVAT NV. Anbang has strengthened the financial position of VIVAT NV with a capital injection in the amount of € 1.35 billion.

VIVAT NV now embarks upon a new phase, which will allow it to place full focus on its policyholders and existing and new customers, based upon a new strategy for the future.

New future

During the second half of 2015, a thorough and extensive Strategic Review was carried out under the supervision of the new Executive Board of VIVAT NV.

Already during 2015, efforts have been made to stabilise the business, turning around loss-making product lines and business units.

Going forward, VIVAT NV will focus more on innovation and digitalisation, and plans to further simplify its business processes. Through these plans, customers will be better served by the company. VIVAT NV will also make its organisation less complex. Simplifying the operations and the business processes will create a lean, customer oriented organisation. VIVAT NV will implement this change over the course of three years, during which it will create one centralised structure. The company will continue its digitisation effort and adapt to technological developments, drawing on the innovative capability and experience of its shareholder.

To secure the future of VIVAT NV, which is in the interest of all stakeholders including our customers and employees, VIVAT NV will implement cost reductions. The change in VIVAT NV's strategic course has now been initiated and will be completed by the end of 2018.

The report of the Board of Directors of ZL PPI gives in particular insight into the strategic ambitions, the (financial) developments of ZL PPI during the financial year 2015 and the 2016 outlook.

Strategy and developments

Mission, vision and core values

Our mission is to provide an understandable pension at low costs to current and future participants. ZL PPI wants to be a key player in the defined contribution market. To this end, we aim to be a front runner when it comes to the simplification of retirement products that are accessible to participants and employers.

The vision of ZL PPI to be a smart and sophisticated financial service provider helping its customers to realise their dreams results in a three pillar Mission, focusing on customer centricity, lean thinking and agility. From this starting point, the risk management strategy should contribute to a long-term sustainable growth of ZL PPI, for the benefit of all its stakeholders.

Strategy

The Dutch Central Bank (hereafter: '**DCB**') has granted ZL PPI a license in September 2013 to operate as a premium pension institution. With the vision that pension should be simpler, cheaper and more transparent, the pension market is accessed with two products: Zwitserleven NuPensioen and Zwitserleven

NuPensioenrekening. Especially the last product properly reflects the vision to have the participant in control of his own retirement.

ZL PPI is responding to the demand for Defined Contribution solutions for retirement. Distinctive are the simple products, providing total pension insight and automated services by highly accessible personal portals. ZL PPI explicitly does not offer customization solutions for their customers. The idea behind this is that customization gives no certainty in terms of future costs and is generally not in the interest of the participant.

ZL PPI has a simple organization model. In addition to the two directors, no other staff is employed by ZL PPI. These two directors are responsible for ZL PPI and act in the interests of all its stakeholders.

The operational activities are outsourced to Zwitterleven (a brand name of SRLEV NV). The risk insurance policies of Zwitterleven are also offered to (potential) customers of ZL PPI. The management of the investment funds is mainly outsourced to the asset manager of VIVAT NV, named ACTIAM NV.

Developments

The pension market in the Netherlands is developing, there are many changes in regulation and the market is changing by the entry of new parties as PPIs and APFs. It is expected that these developments will continue the coming years, as subjects like the retirement age and optionally eliminating of the pension obligation are high on the political agenda and do feed the debate in the society. This makes the market very volatile and as ZL PPI we aim to anticipate adequately to these changes.

Outlook 2016

In line with our expectations, ZL PPI has grown significantly in 2015 in number of clients it serves. More than 400 employers have chosen to be a client of ZL PPI, involving more than 6,000 participants. We expect in 2016 continuous growth of business activities. Together with Zwitterleven we are working on the introduction of a new proposition. Clients do ask for more certainty and therefore we aim to offer more elements of certainty.

Risk and capital management

ZL PPI has outsourced the execution of its operating activities to SRLEV NV and ACTIAM NV. The risk management organization of ZL PPI is organised at the VIVAT NV-level. The risk management organization at VIVAT NV is largely part of the Risk department, resorting under the Chief Risk Officer (CRO). The CRO is member of the Executive Board (EB) of VIVAT NV. In addition to the risk management organization, VIVAT NV has established risk committees to manage risks effectively. The Audit and Compliance departments of VIVAT NV are also involved.

Risk policy

ZL PPI has an integrated risk management policy house, incorporated in that of VIVAT NV. The entire policy structure is accessible to employees through an internal website. The policy house ensures the timely identification and assessment of risks and adequate monitoring and reporting of the material risks, both on board and workplace level.

The applicable policies for ZL PPI, based on the risk framework of VIVAT NV, are structured in separate documents and divided into top-down layers with increased levels of detail.

Non-financial risk management

Non-financial risks include strategic, integrity and operational risks. The Non-Financial Risk department (NFR) within VIVAT NV, which is part of the risk department resorting under the CRO, monitors and provides advice to management on these risks. NFR consists of Operational Risk Management and Compliance.

Capital requirement

ZL PPI provides at least annually a risk analysis, quantifies risks arising from this risk analysis in order to determine an internal capital requirement, and ensures that it has sufficient capital to meet the internal capital requirement, involving the minimum required regulatory capital of EUR 500,000.

Our people

ZL PPI is part of VIVAT NV. Except of the two directors, ZL PPI does not employ any other employees. The operational activities are outsourced to Zwitserleven. The management of the investment funds is outsourced to the asset manager ACTIAM NV. In addition, capacity is claimed of other departments of VIVAT NV (e.g. Finance and Risk).

Corporate governance

ZL PPI has the following corporate governance bodies: Statutory Board of Directors and one shareholder. ZL PPI also has an Supervisory Committee.

For management and future staff members internal general and job-specific rules of conduct are applicable. Complying with internal policies is ensured through monitoring and reporting. The compliance with relevant regulations for ZL PPI by means of compliance monitoring and reporting is ensured by the departments 'Legal Affairs' and 'Compliance, Security issues and Operational risk management' (CV&O) within VIVAT NV. Additionally, VIVAT NV has an independently positioned Group Audit function that performs on the basis of risk analysis audits on compliance issues.

Financial developments

Result

The net result of ZL PPI amounted to € 242 thousand negative.

Capital position

The available capital amounts to € 2,417 thousand and the required capital amounts to € 500 thousand.

Utrecht, the Netherlands, 19 May 2016

The Board of Directors

A.E. van Zanten
E.P. van Santen



2. Report of the Supervisory Committee

The Supervisory Committee of the ZL PPI is satisfied about the results of the ZL PPI in 2015. Although the number of new clients acquired in 2015 is slightly lower than expected. Also the operational costs are lower than expected, which resulted in a commercial loss lower than expected. Moreover the ZL PPI operational performance is adequate and the ZL PPI has acquired its presence in the Defined Contribution market in the Netherlands.

In 2015, the Supervisory Committee had six meetings. In these meetings, a number of issues were discussed. Special attention was given to the sale of VIVAT NV and the implications for ZL PPI. Furthermore, audits were discussed and the exit-plan was extensively discussed. The assessment by the Dutch Central Bank on the investment policies of the ZL PPI has been a topic in the last two meetings of 2015. In every meeting a commercial update was given and the performance of our suppliers and the ZL PPI was discussed.

The Supervisory Committee performed a self-assessment which resulted in a number of improvements to be implemented in 2016.

For 2016, the Supervisory Committee expects the ZL PPI to grow further in line with the operational plan that has been discussed during the meetings. Furthermore, we are looking forward towards the developments in regards to the distribution of NuPensioenRekening by using the on-line tool, specifically tailored to help the targeted (small) employers that do not offer pensions to their employees yet. Furthermore, attention will be given to the independency of the ZL PPI and future sustainability of the organisation given the ambition of the ZL PPI.

The Supervisory Committee

D.J. Okhuijsen
J.C. Rietvelt
R.A.H. van Vledder

3. Financial statements

3.1. Company statement of financial position

Before appropriation of profit or loss and in € thousands	Notes ¹	31 December 2015	31 December 2014
> Assets			
Investments for account of participants	1	23,677	2,550
Corporate income tax		81	98
Other receivables	2	911	44
Cash and cash equivalents	3	3,483	3,076
Total assets		28,152	5,768
> Equity and liabilities			
Share capital		225	225
Share premium reserve		2,725	2,725
Other reserves		-291	1
Retained earnings		-242	-292
Total equity	4	2,417	2,659
Liabilities to participants	5	23,671	2,550
Other liabilities	6	2,064	559
Total equity and liabilities		28,152	5,768

¹ The references next to the balance sheet items relate to the notes to the statement of financial position in chapter 5.

3.2. Company statement of profit or loss

In € thousands	Notes ¹	2015	2014
> Income			
Management fees and commission	8	416	27
Interest income	9	29	48
Total income		445	75
> Expenses			
Employee benefit expenses	10	382	387
Other expenses	11	386	78
Total expenses		768	465
Operating profit/(loss) before taxation		-323	-390
Taxation		-81	-98
Profit/(Loss) from continuing operations for the period		-242	-292

¹ The references next to the income statement items relate to the notes to the statement of profit or loss in chapter 5.



4. Accounting policies for the company financial statements

4.1. General information

Zwitslerleven PPI NV (hereafter: 'ZL PPI'), incorporated and established in the Netherlands, is a public limited company incorporated under the laws of the Netherlands. The registration number at the Dutch Chamber of Commerce Trade is no. 55646484. ZL PPI is a wholly owned subsidiary of VIVAT NV.

Group structure

Anbang Group

The financial information of ZL PPI is included in the consolidated financial statements 2015 of VIVAT NV. Since July 26, 2015 VIVAT NV is a wholly owned subsidiary of Anbang Group Holdings Co. Ltd. (hereafter: 'Anbang'), whose ultimate parent company is Anbang Insurance Group Co. Ltd, headquartered in Beijing, People's Republic of China. Previously VIVAT NV was a wholly owned subsidiary of SNS REAAL NV. On the same date, the name REAAL NV was changed to VIVAT NV.

Related parties

Legal entities that are members of the Anbang Group qualify as related parties, as do executive directors and their next of kin.

Tax group

The tax group for income tax and VAT purposes between SNS REAAL NV, SNS Bank NV and VIVAT NV was terminated on 30 June 2015. Immediately afterwards, VIVAT NV and its subsidiaries, including ZL PPI, formed a new tax group and are jointly and severally liable for the fiscal unity's corporate income tax and VAT debts.

4.2. Basis of preparation

Statement of Netherlands Civil Code compliance

The financial statements of ZL PPI have been prepared in accordance with the provisions of Book 2, Part 9 of the Netherlands Civil Code and the associated Guidelines for Annual Reporting in the Netherlands issued by the Dutch Accounting Standards Board.

4.3. General accounting policies

The accounting policies set out below have been applied consistently to all the periods presented in the financial statements.

The financial statements have been prepared on an accrual basis.

Functional currency and reporting currency

The financial statements have been prepared in thousands of euros (€). The euro is the functional and reporting currency of ZL PPI. All financial data presented in euros is rounded to the nearest thousand, unless stated otherwise. Counts are based on unrounded figures. Their sum may differ from the sum of the rounded figures.

Further details on the accounting policies applied to the conversion of transactions and translation of items in the statement of financial position denominated in foreign currencies are provided in the section entitled 'Foreign currencies'.

Foreign currencies

Upon initial recognition, transactions in foreign currencies are converted into euros against the exchange rate at the transaction date.

Monetary items

Monetary items denominated in foreign currencies are converted into euros based on the exchange rate at the reporting date. Any exchange differences arising from the settlement of these transactions or from the conversion of monetary items denominated in foreign currencies that do not relate to the investments for account of participants or the corresponding liabilities are recognised in profit or loss within the appropriate category. Exchange differences resulting from investments for account of participants and the corresponding liabilities are not recognised in profit or loss, but recognised exclusively in the statement of the financial position as the item corresponding to these investments and liabilities.

Non-monetary items

Exchange differences on non-monetary items that are measured at fair value are recognised as changes in fair value. Non-monetary items measured at historical cost are translated based on the exchange rate at the original transaction date.

Accounting based on transaction date and settlement date

All purchases and sales of financial instruments that have been settled in accordance with standard market practices are recognised at the transaction date, i.e. the date on which ZL PPI commits itself to buying or selling the asset or liability. All other purchases or sales are recognised as forward transactions until they are settled.

Offsetting financial instruments

Financial assets and liabilities are offset and their net amounts are reported in the statement of financial position if a legally enforceable right to set off the recognised amounts exists, as well as an intention to settle the items on a net basis, or to settle the asset and the liability simultaneously. If these conditions are not met, amounts are not offset.

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities is determined using quoted prices where available. These quoted prices are primarily derived from transaction prices for listed instruments. If transaction prices are not available, market prices from independent market participants or other experts are used. ZL PPI applies a transfer price when determining fair value; as a result, financial assets are initially recognised at their bid prices and financial liabilities at their offer prices.

In markets where activity has decreased or in inactive markets, the range of prices from different sources can be significant for the same investment. Selecting the most appropriate price requires judgement; available market information relating to the fair value of the instrument is taken into account in this process.

When no market price is available for certain financial assets and liabilities, the fair value of these financial assets and liabilities is determined using valuation techniques, which may vary from net present value models to valuation models using accepted economic methodologies. Input used in these models is based on observable market information to the extent possible.

4.4. Accounting policies for the statement of financial position

Unless indicated otherwise, assets and liabilities are recognised at the amounts at which they were acquired or incurred.

Investments for account of participants

General

ZL PPI is not exposed to any risk attaching to investments on behalf of participants. The investments are recognised at the transaction date. Investments for account of participants and the corresponding liabilities to members are recognised as an equal amount simultaneously in the statement of financial position.

Any subsequent gains and losses on investments for account of participants are added directly to the liabilities to participants.

Real estate investment funds

Investment property concerns indirect investments in real estate investment funds. Listed real estate funds are measured at fair value based on current market prices. Unlisted investments in real estate funds are measured at fair value with due observance of last known market prices and valuation methods based on generally accepted calculation models.

Shares and similar investments

These investments are recognised at fair value. Listed investments are measured at fair value based on current market prices. Unlisted investments are measured at fair value with due observance of last known market prices and valuation methods based on generally accepted calculation models.

Accrued interest on fixed-income securities is recognised as part of the fair value of investments in fixed-income securities.

Receivables

Receivables consist mainly of bank balances and other receivables and prepaid items.

Bank balances

This concerns receivables from banks and deposits falling due in less than 12 months other than in the form of interest-bearing securities. These receivables are measured at amortised cost based on the effective interest method net of impairment losses.

Income tax expense

Tax on profit is calculated at the nominal prevailing rate, taking account of tax facilities.

Current tax assets and liabilities

Income tax relates to recoverable or payable tax on the taxable profit for the reporting period and taxes due for previous periods, if any. Current tax assets and liabilities are measured at nominal value using the applicable tax rate.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for tax losses carried forward and for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. This is based on the tax rates applicable at the reporting date and the tax rates that will apply in the period in which the deferred tax assets or tax liabilities are settled. Deferred tax assets and liabilities are stated at the amounts at which they were acquired or incurred.

Any tax loss carry-forwards are recognised as assets if and when taxable profits are expected to be available in the future against which the losses can be utilised.

Equity

Issued share capital and share premium reserve

The share capital comprises the issued and paid-up ordinary shares. The share premium reserve concerns capital that has been paid up over and above the nominal value of the issued ordinary shares. Costs directly attributable to the issue of equity instruments (net of tax) are deducted from the issue proceeds.

Other reserves

The other reserves consist of retained earnings of ZL PPI.

Profit for the year

This concerns the profit for the reporting period net of income tax.

Liabilities to participants

This concerns the liabilities corresponding to the investments for account of participants. In accordance with the IORP regulations and the contracts with the participants' employers dependants' benefits are charged against these liabilities. If and when the value of the existing investments should exceed the

liabilities to participants and/or their surviving dependants or the employer, the excess will fall to ZL PPI in the year in which it arises (see also: Investments for account of participants).

Current liabilities

Current liabilities consist mainly of obligations to related parties, advances on premiums, accruals and deferred income.

4.5. Accounting policies for the statement of profit or loss

Income and expense are allocated to the period to which they relate. Costs are recognised within in the cost category to which they relate.

Income

Income consists of management fees and other income, which are recognised in the reporting period in which the services are provided.

Expenses

Expenses are recognised in the statement of profit or loss on the basis of a direct relationship between costs incurred and the corresponding economic benefits. If future economic benefits are expected to arise across reporting periods, expenses are recognised in the statement of profit or loss based on a systematic allocation method. Expense items are directly recognised in the statement of profit or loss if future economic benefits no longer will occur.

4.6. Contingent liabilities and commitments

Contingent liabilities are liabilities not recognised in the statement of financial position because the existence is contingent on one or more uncertain events that may or may not occur in the future not wholly within the control of ZL PPI. It is not possible to make a reliable estimate of such liabilities.

5. Notes to the company financial statements

1. Investments for account of participants

Breakdown of investments for account of participants

In € thousands	2015	2014
Investment property	1,553	46
Shares and similar investments	12,895	470
Fixed-income investments	9,229	321
Other	-	1,713 ¹
Balance as at 31 December	23,677	2,550

¹ At year-end 2014, one participant made a contribution of € 1.7 million. By December 31, 2014 this was not yet invested in mutual funds.

The increase in the amount of investments for account of policyholders is due to the expansion of ZL PPI in 2015. More than 400 employers have chosen to be a client of ZL PPI, involving more than 6,000 participants.

The deposits are invested in mutual funds. For each mutual fund the breakdown of the underlying asset classes is made based on the fact sheet. The actual breakdown can differ from the fact sheet due to timing differences, but this is corrected periodically.

At year-end 2015, the company has 6,759 participants (2014: 722).

2. Other receivables

The other receivables consists of premiums to be received from participants. For the amount of € 24 thousand the maturity of the receivables exceeds 90 days.

3. Cash and cash equivalents

Of the cash and cash equivalents in 2015, € 1.2 million is not at free disposal of the entity (2014: € 392 thousand). This amount relates to (pre)paid premium amounts of customers, which are not yet invested.

4. Equity

Statement of changes in total equity 2015

In € thousands	Issued share capital	Share premium reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2015	225	2,725	1	-292	2,659
Reclassification net result 2014	-	-	-292	292	-
Other movements	-	-	-	-	-
Net result 2015	-	-	-	-242	-242
Balance as at 31 December 2015	225	2,725	-291	-242	2,417

The share capital amount to € 1,125,000 and comprises 112,500 ordinary shares with a nominal value of € 10 each. Of all shares, 22,500 shares are issued and fully paid up.

ZL PPI provides at least annually a risk analysis, quantifies risks arising from this risk analysis in order to determine an internal capital requirement, and ensures that it has sufficient capital to meet the internal capital requirement, involving the minimum required regulatory capital of € 500,000.

ZL PPI announces that, similar to 2014, no dividend has been distributed in 2015 to VIVAT NV.

Statement of changes in total equity 2014

In € thousands	Issued share capital	Share premium reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2014	225	2,725	-	2	2,952
Reclassification net result 2013	-	-	2	-2	-
Other movements	-	-	-1	-	-1
Net result 2014	-	-	-	-292	-292
Balance as at 31 December 2014	225	2,725	1	-292	2,659

5. Liabilities to participants

Breakdown of liabilities to participants

In € thousands	2015	2014
Balance as at 1 January 2015	2,550	-
Received premiums	17,053	2,500
Retrieved pension obligations	4,248	-
Transferred pension obligations	-9	-
Investment result participants	-171	50
Balance as at 31 December 2015	23,671	2,550

6. Other liabilities

Breakdown of other liabilities

In € thousands	2015	2014
Debts to group companies	1,177	347
Prepaid premiums	836	163
Other liabilities	10	2
Accrued liabilities	41	47
Total	2,064	559

The other liabilities are due in less than one year.

7. Post balance sheet events

Changes Executive Board of VIVAT NV

Ron van Oijen has taken office as Chief Executive Officer (CEO) of VIVAT NV, SRLEV NV, Proteq Levensverzekeringen NV and Reaal Schadeverzekeringen NV on 14 March 2016. Albert Bakker has relinquished his role as Acting CEO. Albert Bakker has stepped down from the Executive Board of VIVAT NV and as a member of the managing boards of SRLEV NV, Proteq Levensverzekeringen NV and Reaal Schadeverzekeringen NV on 11 April 2016.

8. Management fees and commission

Management fees and commission concerns the fees of participants for the management of the investments.

9. Interest income

Interest income concerns the interest received on bank accounts.

10. Employee benefit expenses

Breakdown of employee benefit expenses

In € thousands	2015	2014
Salaries	311	296
Pension costs	36	50
Social security contributions	19	20
Other staff costs	15	21
Total	381	387

11. Other expenses

Breakdown of other expenses

In € thousands	2015	2014
Investment management expenses	25	40
Contributions	45	37
Administration expenses	315	1
Total	386	78



6. Other information

6.1. Independent auditor's report

Notice pursuant to Section 392 (1a), Book 2 of the Netherlands Civil Code. ZL PPI is classified as a small company according to Section 396, Book 2 of the Netherlands Civil Code. Under the provisions of Section 393 (1), Book 2 of the Netherlands Civil Code, an auditor's report has not been included.

6.2. Provisions regarding appropriation of profit or loss

Loss for 2015: € 242 thousand.

6.2.1. Provisions in Articles of Association governing the appropriation of profit or loss

Article 31

31.1. The profit shall be to the appropriation of the General Meeting of Shareholders.

31.2. The entity may only make distributions to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law.

31.3. Profits will be only distributed after adoption of the financial statements showing that this is justified.

6.2.2. Result appropriation

The loss for 2015 will be added to the retained earnings reserve of ZL PPI.

Utrecht, the Netherlands, 19 May 2016

The Board of Directors

A.E. van Zanten
E.P. van Santen

