

Zwitserleven PPI NV Annual Report 2016

Zwitserleven



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VIVAT



1. Report of the Board of Directors

General

Zwitserleven PPI NV (hereafter: 'ZL PPI') is a wholly owned subsidiary of the insurance holding VIVAT NV. VIVAT aims to take a leading position in the digital insurers market, next to our already strong relationship with intermediary distribution partners. ZL PPI aims to be a leading provider of DC pension solutions to the market. By offering understandable, transparent and innovative products and services at a competitive price, customers should be able to rely on us and feel confident that they can approach us.

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 2016 and the plans for the year ahead.

Strategy and developments

Our vision

ZL PPI is a leading, trusted and customer-centric financial service provider helping its corporate and individual customers to realize their dreams and insure their risks. ZL PPI has an ambitious task to offer understandable pension solutions to our clients at competitive prices.

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.

Our mission

In order to achieve long term sustainable growth:

- > ZL PPI will deliver a comprehensive product and service offering to our customers.
- > ZL PPI will use the most advanced technologies.

Strategy

In September 2013, the Dutch Central Bank (hereafter: '**DCB**') has granted ZL PPI a license to operate as a premium pension institution. With the vision that pension should be simpler, cheaper and more transparent, ZL PPI has launched two products: Zwitserleven NuPensioen and Zwitserleven NuPensioenrekening. Especially the latter product reflects the vision of having the participant financially in control of his own retirement.

ZL PPI is responding to the demand for defined contribution retirement solutions. Distinctive features of the PPI solutions are the simplicity of the products, providing a complete pension overview and digital services by highly accessible personal portals. ZL PPI deliberately doesn't offer customization options to its customers. The company believes that customization introduces uncertainty in terms of future costs and is generally not in the interest of the participant.

ZL PPI has a simple organization model. Apart from the two managing directors, no other staff is on the payroll of ZL PPI. Dedicated PPI staff is mostly insourced from Zwitserleven (a brand name of SRLEV NV). The two managing directors are responsible for ZL PPI and act in the interests of all its stakeholders.

Most operational activities are outsourced to SRLEV by means of a service contract and a service level agreement. The management of the investment funds is outsourced to the asset manager of VIVAT NV, named ACTIAM NV.

The management of ZL PPI is responsible for managing its outsourcing contracts, marketing and sales and the full range of risk management and control.

Market developments

The pension market in the Netherlands is in transition. There are many changes in rules and regulations and new parties such as PPIs and APFs are entering the market. It is expected that these developments will continue the coming years, as topics like the retirement age (68) and optionally eliminating of the pension obligation are high on the political agenda and in discussions amongst stakeholders at large. This makes the market very unpredictable. However, as ZL PPI, we aim to anticipate adequately to these potential changes.

Optimised and new products

Many companies with up to 10 employees do not provide a pension scheme due to limited access to advice. For this reason, ZL PPI has started a pilot project that enables employers to obtain a basic pension scheme (Nu PensioenRekening) with an very easy to understand online tool. The tool will also be made available to intermediaries, enabling them to provide pension advice to this type of companies more efficiently.

As of 1 January 2017 a more advanced product (Nu Pensioen Plus!) will be introduced, offering a unique combination of low costs, responsible investment and guarantees (provided by the insurer SRLEV). In 2017 we will even upgrade this product and make it available to our existing clients as well.

Operational results

In line with our operational plan, ZL PPI has grown significantly in 2016 in number of clients it services. In total 775 employers are being serviced by ZL PPI (plus 80%) involving 11,883 participants. Assets under management almost tripled to € 64 million.

Plan for the year ahead

ZL PPI expects to achieve further growth in 2017 by taking advantage of the opportunities in the pension market for defined contribution products. We will continue to develop innovative products and prepare ourselves for the new pension landscape in 2020. Client satisfaction and operational excellence will continue to be important focus points.

Risk and capital management

The board of ZL PPI is responsible for risk and capital management. ZL PPI is not allowed to be exposed to any biometric risks. Furthermore ZL PPI does not make any assumptions about the interest rate or any other financial parameters. As a consequence ZL PPI is not exposed to the risk of estimating those parameters inadequately. Yearly the board makes a risk assessment with support of several risk departments within VIVAT for the possible other risks like operational risk, IT-risk, integrity risk and legal risk. Mitigating measures have been deployed to reduce these risks.

The most important risk to manage for the board for ZL PPI is the outsourcing risk. This risk is managed through the service level agreements that have been signed with our outsourcing partners. Monthly these partners report to the board of ZL PPI the results of the SLA. If necessary the board has asked for additional actions to comply to the agreed SLA. Special attention has been given to the continuity of the operations of ZL PPI considering the turnaround at the outsourcing partner SRLEV in 2016.

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. ZL PPI ensures that it has sufficient capital to meet the internal capital requirement, including the minimum required regulatory capital of EUR 500,000.

Our people

ZL PPI is part of VIVAT NV. The board consists of two directors. Conform the SLA between SRLEV NV and ZL PPI some employees of VIVAT are dedicated to work for ZL PPI. The operational activities are outsourced

to SRLEV. 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 a statutory Board of Directors and a Supervisory Committee.

For management and future staff members internal general and job-specific rules of conduct are applicable.

The compliance with relevant regulations and internal policies for ZL PPI by means of compliance monitoring and reporting is ensured by close cooperation with the departments 'Legal Affairs' and 'Compliance, Security issues and Operational risk management' (CV&O) within VIVAT NV. Additionally, VIVAT NV has an independently positioned Internal Audit function that monitors the compliance and risk framework (at least once a year) and reports back to the management of ZL PPI.

Financial developments

Result

The net result of ZL PPI amounted to € 245,000 negative.

Capital position

The available capital amounts to € 2,172,000 (2015: € 2,417,000) and the required capital amounts to € 500,000.

We thank our customers, our shareholder and our business partners for the trust that they have placed in us.

Amstelveen, The Netherlands, 31 May 2017

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 and the operations of the ZL PPI in 2016.

In 2016, the Supervisory Committee has had 6 meetings. In these meetings, a number of issues have been discussed. Risk management has been an important topic during these meetings. Special attention has been given to the continuity of the operations of ZL PPI considering the turnaround at the outsourcing partner SRLEV. The investment strategy and related risk policies have been reviewed in detail. Also, specific attention was given to the monitoring, control and performance evaluation of the asset management mandate. Lastly, new product features ('ZekerheidsZwitch' and 'doorbeleggen') and the preparations for online distribution to small employers have been discussed to make sure these comply with regulations and are in the interest of the client.

During the year Roeland van Vledder left the Supervisory Committee. Mr van Vledder accepted a new position that was not compatible with his role at ZL PPI. We appreciate his valuable contribution over the past three years. During the first quarter of 2017 Jeroen Potjes joined the Supervisory Committee.

For 2017, the Supervisory Committee expects ZL PPI to grow further, in line with the operational plan that has been discussed during the meetings. Furthermore, we are anxious to see the developments with regard to the distribution of NuPensioenRekening by using the online tool, specifically tailored to help the targeted (small) employers. Specifically, attention will be given to the independence of ZL PPI and alignment of the organization with the ambition of ZL PPI.

The Supervisory Committee

D.J. Okhuijsen
J.C. Rietvelt
J.C.A. Potjes

3. Financial statements

3.1. Company statement of financial position

Before appropriation of profit or loss and in € thousands	Notes ¹	31 December 2016	31 December 2015
> Assets			
Investments for account of participants	1	64,345	23,677
Corporate income tax		82	81
Receivables from related parties	2	535	--
Other receivables	3	1,262	911
Cash and cash equivalents	4	5,399	3,483
Total assets		71,623	28,152
> Equity and liabilities			
Share capital		225	225
Share premium reserve		2,725	2,725
Other reserves		-533	-291
Retained earnings		-245	-242
Total equity	5	2,172	2,417
Liabilities to participants	6	64,806	23,671
Other liabilities	7 ²	4,645	2,064
Total liabilities		69,451	25,735
Total equity and liabilities		71,623	28,152

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

² Note 8 and 9 do not relate to specific balance sheet or profit and loss accounts.

3.2. Company statement of profit or loss

In € thousands	Notes ¹	2016	2015
> Income			
Management and administrative fees	10	753	416
Interest income	11	12	29
Total income		765	445
> Expenses			
Employee benefit expenses	12	406	382
Other expenses	13	686	386
Total expenses		1,092	768
Operating profit/(loss) before taxation		-327	-323
Taxation		-82	-81
Profit/(Loss) from continuing operations for the period		-245	-242

¹ The references next to the company statement of profit or loss 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 (further referred to as: '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

ZL PPI is a wholly owned subsidiary of VIVAT NV, which is a wholly owned subsidiary of Anbang Group Holdings Co. Limited with a registered office at Hong Kong, ultimate parent of which is Anbang Insurance Group Co. Ltd with its headquarters in Beijing, People's Republic of China.

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

VIVAT NV and its subsidiaries, including ZL PPI, form a tax group.

4.2. Basis of preparation

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. Transactions in foreign currencies do not occur.

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.

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.

Assets are recognised in the statement of financial position when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Liabilities are recognised in the statement of financial position when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated.

Investments for account of participants

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

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.

Investment property concerns indirect investments in real estate investment funds.

Corporate income tax

Corporate income tax relates to recoverable or payable tax 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.

Receivables

Receivables are measured at nominal value.

Cash and cash equivalents

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, if any.

Equity

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.

Other reserves

The other reserves comprise retained earnings of prior years.

Retained earnings

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.

Current liabilities

Current liabilities are measured at nominal value.

4.5. Accounting policies for the statement of profit or loss

Income is recognised in the statement of profit or loss when an increase in economic benefits in the form of inflows or enhancements of assets or a decreases in liabilities has arisen, the amount of which can be measured reliably. Expenses are recognised when decreases in the economic benefits related to outflows or depletions of assets or an incurrences of liabilities has arisen, the amount of which can be measured reliably. Statement of profit or loss comprises the income and expense attributable to the reporting period.

Income

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

Expenses

Expenses consist of employee benefit expenses (all currently employed personnel is hired by VIVAT N.V. and the staff expenses are charged to ZL PPI) and other expenses.

Taxation

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

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.

5. Notes to the company financial statements

1. Investments for account of participants

Breakdown of investments for account of participants

In € thousands	2016	2015
Shares and similar investments	35,302	12,895
Fixed-income investments	25,371	9,229
Investment property	3,672	1,553
Balance as at 31 December	64,345	23,677

The increase in the amount of investments for account of participants is due to the expansion of ZL PPI in 2016. 775 employers are customer of ZL PPI, involving 11,883 participants (2015: 6,759).

The deposit of participants are completely invested in investment funds. For each investment fund a breakdown of the underlying asset classes is made. Due to timing differences the actual breakdown can vary slightly, but this is corrected periodically. The investment funds are valued at fair value.

2. Receivables from related parties

The receivables from related parties (less than 1 year) is a current account with SRLEV NV, which is settled in January 2017.

3. Other receivables

Specification other receivables

In € thousands	2016	2015
Receivables from customers	779	905
Other receivables	483	6
Total	1,262	911

The receivables from customers include deposits to be received. The other receivables mainly consist of outstanding settlements regarding investment transactions.

4. Cash and cash equivalents

Of the cash and cash equivalents in 2016, € 2,3 million is not at free disposal of the entity (2015: € 1,2 million). This amount relates to (pre)paid deposits of customers, which has not yet been invested.

5. Equity

Statement of changes in total equity 2016

In € thousands	Issued share capital	Share premium reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2016	225	2,725	-291	-242	2,417
Reclassification net result 2015	-	-	-242	242	-
Net result 2016	-	-	-	-245	-245
Balance as at 31 December 2016	225	2,725	-533	-245	2,172

The share capital amounts 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 2015, no dividend has been distributed in 2016 to VIVAT NV.

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	-
Net result 2015	-	-	-	-242	-242
Balance as at 31 December 2015	225	2,725	-291	-242	2,417

6. Liabilities to participants

Breakdown of liabilities to participants

In € thousands	2016	2015
Balance as at 1 January 2016	23,671	2,550
Received deposits	26,704	17,053
Incoming transfer values	10,477	4,248
Outgoing transfer values	-87	-9
Investment result participants	4,155	-171
Other	-114	-
Balance as at 31 December 2016	64,806	23,671

7. Other liabilities

Breakdown of other liabilities

In € thousands	2016	2015
Debts to group companies	1,217	1,177
Prepaid deposits	659	836
Liabilities to other parties	2,753	10
Accrued liabilities	16	41
Total	4,645	2,064

The other liabilities are due in less than one year. The other liabilities increased compared to 2015 due to the growing customer portfolio.

The liabilities to other parties mainly consist of credit balances with customers (€ 1.8 million). In the previous year, these credit amounts were netted with the receivables from customers.

8. Post balance sheet events

No post balance sheet events to be disclosed, have occurred in 2017 concerning ZL PPI 2016.

9. Contingent liabilities

No contingent liabilities are recognised for ZL PPI.

10. Management and administrative fees

The management fees of € 203,000 (2015: € 50,000) relate to the investments and are for the account of participants. The administrative fees of € 550,000 (2015: € 366,000) are charged to our customers.

11. Interest income

Interest income concerns the interest received on bank accounts.

12. Employee benefit expenses

Breakdown of employee benefit expenses

In € thousands	2016	2015
Salaries	323	311
Pension costs	40	36
Social security contributions	21	19
Other staff costs	22	16
Total	406	382

13. Other expenses

Breakdown of other expenses

In € thousands	2016	2015
Administration expenses	440	316
Investment management expenses	153	25
Other expenses	93	45
Total	686	386



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 2016: € 245,000.

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 2016 will be deducted from the other reserves of ZL PPI.

Amstelveen, the Netherlands, 31 May 2017

The Board of Directors

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

