

## VIVAT Annual Results 2015

# Strategic Review on Track

## Return to profit in 2015

- Profit for 2015 at € 109 million (2014: loss of € 612 million)
- Increase in net underlying result for 2015 to € 33 million (2014: € 0 million)
- Strong capital position following € 1.35 billion capital injection by new shareholder Anbang reflected in Solvency I ratio of 240% at 31 December 2015
- Solvency II ratio at year-end 2015 estimated to be approximately 160%
- Commercial performance remains a challenge
- VIVAT concluded strategic review; focus on innovation to improve customer experience, reduce complexity and cut costs

### Statement of the Executive Board

“2015 was an impactful year for VIVAT. Its acquisition by Anbang marked the end of a challenging period for VIVAT following the nationalisation of SNS REAAL, its former shareholder. With Anbang’s support, as shown by the EUR 1.35 billion capital injection, VIVAT now has the opportunity to transform its business, allowing it to become an agile leading insurer in the Netherlands.

Following substantial losses in both 2013 and 2014, VIVAT returned to profit in 2015, both on a net and an underlying basis. Due to the persistently challenging market, premium income remained under pressure. In order to maintain and increase its profitability on a structural basis, VIVAT concluded a strategic review to transform its organisation. VIVAT will increase its focus on customers, offering innovative products and sophisticated digital solutions. To create an agile organisation, VIVAT will simplify its governance structure and reduce the complexity of the organisation. With these plans, we expect to be able to achieve considerable cost savings. Our shareholder actively supports this transformation.”

## VIVAT key figures

In € millions	FY 2015	FY 2014	Change
Net premium income	2,418	2,898	(480)
Underlying result	33	0	33
Profit/(loss) for the year	109	(612)	721
Equity	3,451	2,015	1,436
Total assets	60,346	60,525	(179)
Assets under management (€ billions)	52.0	51.4	0.6
Solvency I ratio VIVAT	240%	136%	104%

## New shareholder

The acquisition of VIVAT NV by Anbang Insurance Group Co., Ltd. (Anbang) was announced by SNS REAAL NV on 16 February 2015. On 26 July 2015, Anbang Group Holdings Co. Ltd., a 100% subsidiary of Anbang, became the new shareholder of VIVAT NV. Anbang has strengthened the financial position of VIVAT by making a € 1.35 billion capital injection.

## Strategic review

During the second half of 2015, a thorough and extensive strategic review was carried out under the supervision of the new Executive Board. Already during 2015, efforts have been made to stabilise the business and turning around loss-making product lines and business units. Going forward, VIVAT will increase its focus on innovation and digital solutions, and on further simplification of its business processes. This will improve customer service. VIVAT will also streamline its organisational structure. These efforts combined will create a lean, customer-oriented organisation. VIVAT will implement this turnaround over the course of three years, during which it will set up a centralised structure. VIVAT will continue its digitisation drive and harness technological developments, drawing on the innovative capability and experience of its shareholder.

To secure VIVAT's future, which is in the interest of all stakeholders, including our customers and employees, VIVAT will implement cost reductions, which are expected to lead to a loss of 900 to 1,200 jobs.

The change in VIVAT's strategic course has now been initiated and will be complete by the end of 2018.

## Commercial developments

VIVAT's net premium income fell by 17 percent (i.e. € 480 million) in 2015 to € 2,418 million. At REAAL Life, a decrease in net premium income by € 103 million to € 831 million was partly caused by surrenders of unit linked policies. At REAAL Non-Life, the focus was on improving profitability. In this segment, a stricter acceptance policy, pricing adjustments and the discontinuation of portfolios with adverse claim ratios led to a € 73 million decrease in net premium income to € 640 million. At Zwitserleven, net premium income dropped by € 304 million to € 947 million due to the negative impact of tax-facilitated pension accrual ('Witteveen') legislation combined with a fall in renewals as a result of uncertainty among customers before the acquisition and the capital injection by Anbang.

At 13.5 percent, the share of the regular Individual Life premiums market was lower than in 2014 (16.8%). The share of the new Non-life market stood at 3.6%, which is 1.1%-point lower than in 2014.

### Financial results

VIVAT posted a profit for 2015 of € 109 million. This is a sharp improvement on 2014 (loss of € 612 million). The loss for 2014 was caused entirely by negative one-off items in the sum of € 690 million, which mainly concerned a € 648 million expense item in connection with the IFRS LAT shortfall. By contrast, one-off items added € 76 million to the result in 2015; they included gains on the investment portfolio and hedges (€ 82 million), a gain on the LAT (€ 52 million), an impairment loss on customer relationships in the Non-life disability portfolio (€ 24 million), restructuring expenses (€ 31 million) and an amortisation of intangible assets (€ 3).

### Net underlying results

In € millions	FY 2015	FY 2014	Change
REAAAL Life	79	65	14
REAAAL Non-Life	(43)	(63)	20
REAAAL Other	(5)	(15)	10
<b>BU REAAL</b>	<b>31</b>	<b>(13)</b>	<b>44</b>
Zwitzerleven	(4)	3	(7)
ACTIAM <sup>1</sup>	6	10	(4)
<b>VIVAT NV</b>	<b>33</b>	<b>0</b>	<b>33</b>

VIVAT's net underlying result improved from € 0 million in 2014 to € 33 million in 2015. Underlying net results were positive for REAAAL Life (€ 79 million) and ACTIAM (€ 6 million). REAAAL Non-Life and Zwitzerleven reported negative underlying results of € 43 million and € 4 million respectively in 2015

Underlying net result of REAAAL Life improved to € 79 million, a € 14 million rise on 2014; this was driven mainly by lower operational expenses. At REAAAL Non-Life, underlying net result improved from a loss of € 63 million in 2014 to a loss of € 43 million in 2015. REAAAL Non-Life's technical result was higher thanks to a lower claims ratio in Motor. Zwitzerleven posted an underlying loss of € 4 million (2014: profit of € 3 million), which was mainly attributable to less coverage for operational expenses as a result of lower premium income.

At € 6 million, ACTIAM's underlying net result is lower than 2014 (HY2: € 10 million) due to a rebate agreement with SRLEV NV. This agreement had no impact on VIVAT's profit for the year. Without the rebate agreement, underlying net result would be € 24 million. Assets under management (€ 52 billion) saw a marginal increase against 2014.

<sup>1</sup> As part of the restructuring of SNS REAAL Group, VIVAT NV acquired all shares in ACTIAM NV from SNS REAAL NV on 1 July 2014. This acquisition was a result of the disentanglement of the insurance business given that ACTIAM NV primarily manages investments for the insurance business. ACTIAM NV qualifies as a separate segment.

## Solvency position

### *Developments in Solvency I ratio*

VIVAT's Solvency I ratio increased from 136% to 240% in 2015, which was largely attributable to the capital injection from Anbang (€ 1.35 billion) in October 2015. Market and portfolio developments also contributed to the increase in the Solvency I ratio in 2015. The Solvency I ratio of SRLEV NV, VIVAT's main life subsidiary, rose from 141% to 203% in 2015.

### *Developments in Solvency II ratio*

VIVAT calculates its position under Solvency II using the standard formula. As a result of the € 1.35 billion capital injection by Anbang, the estimated Solvency II ratio of VIVAT increased to approximately 160% at year-end 2015.

## Financial Results

In € millions	FY 2015	FY 2014	Change
Net premium income	2,418	2,898	(480)
Net fee and commission income	117	85	32
Investment income	1,303	1,469	(166)
Investment income for account of policyholders	648	2,159	(1,511)
Gains and losses on financial instruments	(128)	(78)	(50)
<b>Total income</b>	<b>4,359</b>	<b>6,534</b>	<b>(2,175)</b>
Technical claims and benefits	2,134	4,065	(1,931)
Charges for account of policyholders	1,127	2,329	(1,202)
Acquisition costs for insurance activities	178	215	(37)
Operating expenses	504	462	42
Impairment charges	56	21	35
Other interest expenses	218	257	(39)
<b>Total expenses</b>	<b>4,218</b>	<b>7,349</b>	<b>(3,131)</b>
Result before taxation	141	(815)	956
Taxation	32	(203)	(235)
<b>Profit/(loss) for the year</b>	<b>109</b>	<b>(612)</b>	<b>721</b>
One-off items (incl. shortfall LAT)	(3)	(690)	687
Impact of investment portfolio and hedges	82	82	-
Amortisation Customer portfolio Non-Life	(3)	(4)	1
<b>Net underlying result</b>	<b>33</b>	<b>-</b>	<b>33</b>

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**About VIVAT**

VIVAT NV is the holding company for, among others, SRLEV NV, Reaal Schadeverzekeringen NV, Proteq Levensverzekeringen NV, ACTIAM NV and Zwitserleven PPI NV. VIVAT NV also operates under the trade name VIVAT Verzekeringen. The subsidiaries of VIVAT Verzekeringen are also active on the Dutch market with the Zwitserleven, Zelf, Route Mobiel, Reaal, Proteq, Proteq Dier & Zorg and ACTIAM brands. A balance sheet total of EUR 60 billion (at the end of 2015) makes VIVAT Verzekeringen one of the larger insurers in the Netherlands. The company employs more than 3,600 staff and has offices in Alkmaar, Amstelveen, Assen, Rotterdam, Utrecht and Zoetermeer. As of 26 July 2015, Anbang Group Holdings Co. Ltd., a full subsidiary of Anbang Insurance Group Co. Ltd, has been the sole shareholder of VIVAT NV. For more information please visit [www.vivatverzekeringen.nl](http://www.vivatverzekeringen.nl)

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All figures in this document are unaudited and the Solvency II calculations are indicative given ongoing interpretations for the first year implementation and sensitive to market movements. The Annual Accounts for 2015 are in progress and have not been issued and approved.