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Viridium Group to acquire Generali Leben and establish a comprehensive partnership with Generali Deutschland

- ▼ **Planned acquisition of 89.9% of the share capital – Generali Deutschland to remain shareholder**
- ▼ **Generali Deutschland granted option to acquire minority stake in the Viridium Group**
- ▼ **Full continuity guaranteed for policyholders – no contractual changes**
- ▼ **Comprehensive partnership between Viridium and Generali Deutschland**
- ▼ **Viridium CEO Dr. Roß: “Strong signal of confidence”**

Planned acquisition of 89.9% of the share capital – Generali Deutschland to remain shareholder

Viridium Group ("Viridium"), the leading specialist in the efficient management of life insurance portfolios, is about to conclude an agreement with Generali Deutschland AG ("Generali Deutschland") to acquire a majority holding of 89.9% in Generali Lebensversicherung AG ("Generali Leben"). Generali Deutschland will retain a minority stake of 10.1% in Generali Leben and will have the right to nominate one member to the Supervisory Board of the company. The minority stake will be subject to customary put and call options which can be exercised after a minimum holding period of three years after completion of the transaction. The transaction is based on a valuation of 100% of the share capital of Generali Leben of up to EUR 1 billion. This includes a potential earn-out of EUR 125 million in case of changes to the rules regulating the allocation to ZZR reserves. Viridium Group expects that the purchase agreement can be signed shortly.

Generali Deutschland granted option to acquire minority stake in the Viridium Group

In the context of the planned transaction, Generali Deutschland will be granted the option to purchase a stake of up to 10% in Viridium Group at completion of the acquisition. Generali Deutschland would thus become the second important partner from the insurance sector after Hannover Re to participate in Viridium Group as a shareholder. The potential investment is subject to the completion of a customary due diligence.

Full continuity guaranteed for policyholders – no contractual changes

Following a successful completion of the transaction, Generali Leben will become a new subsidiary of Viridium Group alongside Heidelberger Lebensversicherung, Skandia Leben and Entis. The acquisition will add a portfolio of approximately 4 million life insurance contracts to the existing platform of Viridium Group. The portfolio of Generali Leben consists primarily of traditional guarantee products. The transaction will ensure full continuity for policyholders as all contractual obligations towards customers will remain unchanged. As part of the Viridium Group, Generali Leben policyholders will in future benefit from the cost advantages of the Viridium model for portfolio management, which is largely based on efficiency improvements. These include lower cost rates which are fixed for the long term and which subsequently will lead to a higher profit participation.

Comprehensive partnership between Viridium and Generali Deutschland

Comprehensive cooperation agreements between Viridium and Generali Deutschland will ensure that all services provided to policyholders by Generali Leben will be continued without any changes. The agreements include multi-year partnerships between the two companies in the areas of asset management and Generali Leben's corporate pension business (bAV). Viridium Group has committed to using Generali Investments Europe for the management of assets of Generali Leben for a period of five years. Fees for the asset management service contract will be in line with existing agreements and with general market standards.

Approximately 300 employees, currently already managing the closed book of Generali Leben, will become part of the Viridium Group. All existing relevant agreements are to remain in place. The acquisition of Generali Leben will add Hamburg and Munich as further locations of the Viridium Group.

Viridium CEO Roß: "Strong signal of confidence"

Dr. Heinz-Peter Roß, CEO of Viridium Group, said: "We are pleased about this strong signal of confidence in the Viridium Group and expect that we can sign the purchase agreement quickly. The comprehensive partnership with Generali Deutschland is an excellent solution and offers considerable advantages and long-term security for Generali Leben's customers. We are pleased that some 300 employees, currently managing the closed book of Generali Leben, will become part of our group. It is a positive sign for our market segment that with Generali Deutschland, another major insurance group is showing strong interest in acquiring a stake in Viridium as a shareholder."

BaFin expected to verify all the aspects of the transaction to fully ensure customers' interests

The transaction will be subject to the approval by the German Federal Financial Supervisory Authority (BaFin). In the authorizing process it is expected that BaFin will carefully verify all the aspects of the transaction, specifically the operational feasibility and the capital solidity of the buyer, in order to ensure that the interests of customers are fully protected.

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Viridium Group is the leading specialist in the efficient management of life insurance portfolios in Germany. The core competencies of the group are built on efficient portfolio management systems, customer-focused service units and sustainable, effective capital investment. Portfolio companies of Viridium Group are Heidelberger Lebensversicherung, Skandia Lebensversicherung Deutschland and Entis Lebensversicherung. As of end-2017, the companies of Viridium Group administered combined more than 960,000 policies totalling almost €16 billion in assets. The Group's shareholders are Cinven, a leading international private equity firm, and Hannover Re, the world's fourth-largest reinsurance company.