

## Press release

7 June 2019

# NN Group to acquire VIVAT Non-life, further enhancing its Dutch market position

- **NN Group acquires VIVAT Non-life activities (VIVAT Schadeverzekeringen N.V.) for a consideration of EUR 416 million**
- **NN Group will acquire these activities from Athora, following the acquisition of VIVAT by Athora**
- **In addition, NN Group will acquire the intercompany Tier 2 loans granted by VIVAT holding to VIVAT Non-life for a consideration of EUR 150 million**
- **Acquisition of VIVAT Non-life will add scale, further strengthen NN Group's leading Non-life platform in the Netherlands, improve its customer propositions, create synergies and increase shareholder returns**
- **Envisaged double digit return on investment and an expected increase in free cash flow of ~EUR 50 million per annum by 2022**
- **Transaction to be funded from existing cash resources, current share buyback programme unaffected**
- **Strong balance sheet post transaction, pro-forma 1Q19 Solvency II ratio of 207%**

Today, Athora and NN Group announce that a binding agreement has been reached with Anbang Group Holdings Co Ltd on the acquisition of all activities of VIVAT. NN Group is to acquire VIVAT Non-life and de Volksbank Non-life distribution agreement, which will enhance NN's strategic position and further strengthens its Non-life platform in the Netherlands.

Lard Friese, CEO of NN Group: 'We are pleased that together with Athora, we can offer VIVAT stakeholders a clear path for the future. For us, this acquisition represents a next step in strengthening our Non-life business in our home market. After the acquisition of Delta Lloyd in 2017, we gained valuable experience in successfully integrating business operations. In today's competitive market, scale is essential to deliver attractive and sustainable customer propositions in the longterm. Moreover, it increases our ability to invest in digital capabilities and innovation, which are key to anticipating customer trends and driving the customer experience forward. VIVAT policyholders will benefit from the quality of our service and broad product offering. The expertise of the VIVAT Non-life employees is important for the future success of the new combined Non-life business.'

Michele Bareggi, CEO of Athora: 'Today marks our entrance in the Dutch market following our acquisitions and integration of the insurance businesses of Generali in Belgium, Aegon in Ireland and Delta Lloyd in Germany. We are building a specialised insurance group in Europe and VIVAT's strong



presence, including its compelling brand portfolio, will become a significant part of our European operations. We aim to invest in the life business in the Netherlands and deliver value not only to VIVAT's existing customers, but also to Dutch consumers overall. New product introductions, competitive pricing and renewed focus on a broad spectrum of customer services will be part of our offering. We kindly welcome VIVAT's employees to the Athora family and look forward to working together in the future to build on the already strong reputation of the VIVAT brands.'

Ron van Oijen, Chairman of VIVAT's Executive Board: 'Since 2016 VIVAT has made an extensive transformation which helped us to create a leading, customer focused, efficient and innovative insurer. We are confident that the acquisition by Athora and NN Group will further build upon the knowhow of the VIVAT employees to become an even stronger player within the Dutch insurance market. Our customers can expect that the high service level will be continued going forward.'

#### **Strategic rationale**

This transaction further strengthens NN's Non-life business. Scale is important in delivering attractive and sustainable customer and business partner propositions in the longterm. Following the acquisition of VIVAT Non-life, NN Group will become the market leader in Dutch Non-life. VIVAT Non-life increases NN's market share in both the Property & Casualty and Disability & Accident segments. In addition, the acquisition will create synergies which will lead to an increase in free cash flow of approximately EUR 50 million per annum by 2022. The VIVAT Non-life and the NN Non-life distribution channels are complementary and the acquisition will further optimise capabilities in the bancassurance, broker and direct channels.

The acquisition is expected to result in upfront capital synergies arising from diversification benefits under Solvency II. Additional capital synergies are expected following further progress with the integration, and the application of the NN Group's Partial Internal Model. Cost synergies will be reflected in future capital generation, and restructuring costs are expected to be in line with precedent transactions of a similar nature.

#### **Acquisition structure**

Athora and NN Group will continue to cooperate after closing to effectuate the disentanglement of the VIVAT Non-life business, and subsequent integration into the NN Non-life platforms. Athora and NN Group will ensure business continuity and will enter into transitional service agreements for the period until full integration of the VIVAT Non-life business into NN Group, during an expected migration period of 2 years. NN Group intends to integrate VIVAT Non-life operations into the NN Non-life platform to fully benefit from the combined scale and synergies.

In addition, NN Group will acquire the intercompany Tier 2 loans granted by VIVAT holding to VIVAT Non-life for EUR 150 million. The additional annual free cash flow contribution from interest payments is approximately EUR 10 million. This does not have an impact on the NN Group leverage ratio.



### Conditions and process

Completion of the acquisition by NN Group of the VIVAT Non-life business is subject to closing of the acquisition of VIVAT by Athora. In addition the acquisition of the VIVAT Non-life business from Athora is subject to customary closing conditions, including (i) antitrust clearance from the Authority for Consumers & Markets and (ii) declarations of no-objection from the Dutch Central Bank. Furthermore both the acquisition of VIVAT by Athora and the acquisition of VIVAT Non-life by NN Group are subject to consultation of the works council of VIVAT.

NN Group and Athora will seek to obtain all necessary approvals and antitrust clearances as soon as possible. Both transactions are anticipated to be completed in the first quarter of 2020 provided all conditions have been met.

### Employees

Following completion, VIVAT's Non-life activities will be integrated. In this process, NN Group will be committed to respecting the talents and experience of employees in both organisations, while applying a fair and transparent approach.

### Transaction advisors

In connection with the transaction, NN Group's financial advisor is BNP Paribas and its legal counsel is FreshfieldsBruckhaus Deringer.

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### Wires call

Lard Friese (CEO NN Group), David Knibbe (CEO Nationale-Nederlanden) and Michele Bareggi (CEO Athora) will host a joint wires call to discuss the proposed acquisition, which will be held at 7.45 am CET on Friday 7 June 2019. Journalists can join the press call at +31 20 531 5863 (NL).

### Press conference

David Knibbe and Michele Bareggi will host a press conference at 9.30 am CET on Friday 7 June 2019 at the hotel Crowne Plaza Amsterdam-South, George Gershwinlaan 101, Amsterdam. Please confirm your attendance via [mediarelations@nn-group.com](mailto:mediarelations@nn-group.com) or +31 6 30382911.

### Investor call

Lard Friese, Delfin Rueda and Jan-Hendrik Erasmus will host an analyst and investor conference call at 3.30 pm CET on Friday 7 June 2019. Members of the investment community can join the conference call at +31 20 531 5865 (NL), +44 203 365 3210 (UK), +1 866 349 6093 (US) or follow the webcast on [www.nn-group.com](http://www.nn-group.com).



### **NN Group profile**

NN Group is an international financial services company, active in 18 countries, with a strong presence in a number of European countries and Japan. With all its employees, the Group provides retirement services, pensions, insurance, investments and banking to approximately 17 million customers. NN Group includes Nationale-Nederlanden, NN, NN Investment Partners, ABN AMRO Insurance, Movir, AZL, BeFrank and OHRA. NN Group is listed on Euronext Amsterdam (NN).

### **Important legal information**

Elements of this press release contain or may contain information about NN Group N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014 (*Market Abuse Regulation*).

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations and the interpretation and application thereof, (13) changes in the policies and actions of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies, (18) catastrophes and terrorist-related events, (19) adverse developments in legal and other proceedings and (20) the other risks and uncertainties contained in recent public disclosures made by NN Group.

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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