



ASR Nederland N.V.

€500,000,000 Fixed to Fixed Rate Undated Subordinated Notes

The €500,000,000 Fixed to Fixed Rate Undated Subordinated Notes (the **Notes**) are issued by ASR Nederland N.V. (the **Issuer**).

The obligations of the Issuer under the Notes in respect of principal and interest constitute direct, unconditional, unsecured and subordinated obligations of the Issuer, ranking *pari passu* without any preference amongst themselves and junior to the claims of all Senior Creditors of the Issuer and in priority to claims in respect of (i) any Equity Securities and (ii) any Junior Obligations.

The Notes will bear interest (i) from (and including) 30 September 2014 (the **Issue Date**), to (but excluding) 30 September 2024 (the **First Call Date**), at a fixed rate of 5.00 per cent. per annum, payable annually in arrear on 30 September in each year, commencing on 30 September 2015 and (ii) from (and including) 30 September 2024, at a reset rate per annum calculated once every five years on the basis of the mid swap rates for euro swap transactions with a maturity of five years plus a margin of 4.95 per cent., payable annually in arrear on 30 September in each year, commencing on 30 September 2025. Payment of interest on the Notes may be deferred at the option of the Issuer, or shall be deferred under certain circumstances, as set out in Condition 3.7 (Interest - Interest Deferral) in *Terms and Conditions of the Notes*. Any interest not paid on an Optional Interest Payment Date or a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.7, together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute Arrears of Interest and shall be payable in accordance with Condition 3.7(iii) (Interest - Interest Deferral) in *Terms and Conditions of the Notes*.

The Issuer will have the right to redeem the Notes in whole, but not in part, on the First Call Date or on any Interest Payment Date thereafter, as defined in Condition 4.2 (Redemption and Purchase – Optional Early Redemption as from First Call Date) in *Terms and Conditions of the Notes*. The Issuer may also, at its option, redeem the Notes upon the occurrence of a Gross-up Event, a Tax Deductibility Event, a Regulatory Event or a Rating Methodology Event, at any time on or after 30 September 2019, or if permitted under the then Applicable Regulations, at any time, and in certain instances exchange the Notes or vary their terms, as further described in Condition 4 (Redemption and Purchase) in *Terms and Conditions of the Notes*.

This Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the **AFM**), which is the Netherlands competent authority for the purpose of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) and relevant implementing measures in the Netherlands, as a Prospectus issued in compliance with the Prospectus Directive, Commission Regulation 809/2004, as amended, and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of the Notes. Application has been made for the listing and trading of the Notes on Euronext in Amsterdam (**Euronext Amsterdam**) with effect from 30 September 2014. Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

The Notes are expected to be assigned, on issue, a rating of BBB- by Standard & Poor's Credit Market Services Europe Limited (**S&P**). S&P is established in the European Community and registered pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Notes will be issued in bearer form and shall have denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000. The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 30 September 2014 (the **Closing Date**) with a

common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 10 November 2014 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances. See *Summary of Provisions relating to the Notes while in Global Form*.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the heading *Risk Factors* starting on page 4.

Structuring Adviser

UBS Investment Bank

Joint Lead Managers

Deutsche Bank

Rabobank International

UBS Investment Bank

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RISK FACTORS

*Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus (including but not limited to the audited consolidated financial statements with the related notes), before making an investment decision with respect to the Notes. If any of the following risks should actually occur, the business, revenues, results of operations, financial condition and prospects of the Issuer and its subsidiaries (together, the **Group**) could be materially adversely affected, which could result in an inability of the Issuer to pay interest and/or principal and could negatively affect the price of the Notes.*

Although the Issuer believes that the risks and uncertainties described below are the material risks and uncertainties, they are not the only ones faced by the Group. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently deems immaterial may also have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects, which could result in an inability of the Issuer to pay interest and/or principal and could negatively affect the price of the Notes.

Prospective investors should carefully review the entire Prospectus, and should form their own views before making an investment decision with respect to the Notes. Before making an investment decision with respect to the Notes, prospective investors should also consult their own financial, legal and tax advisers to carefully review the risks associated with an investment in the Notes and consider such an investment decision in light of the prospective investor's personal circumstances. The sequence in which the risk factors are presented below, and any quantitative historical impacts and sensitivities included, are not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences in the future.

Words and expressions defined in "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section, unless otherwise stated.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

The following risk factors relate to the Issuer and to the Group. The Issuer is the holding company of the Group.

Risks relating to the economic and financial environment

The Group's results can be adversely affected by general economic conditions and other business conditions

The Group's results are affected by general economic and other business conditions. These conditions include changing economic cycles that affect demand for insurance products. Such cycles are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence, industrial output, labour or social unrest and economic and political uncertainty.

Over the past few years, global financial markets have experienced extreme and unprecedented volatility and disruption, which have had, and may continue to have, a material adverse effect on the Group's revenues, results and financial condition. Renewed significant downturns in equity markets, further downward appraisals of property values and/or significant movements of interest rates and credit spreads could have a material adverse effect on the Group's capital and solvency position and results. The economic downturns could also result in increased incidence of internal and external fraud, including fraudulent claims by customers, theft, corruption and insider trading.

As a result of the economic downturn, driving many countries into recession, there have been increasingly high levels of unemployment. Bank lending has been severely reduced and the housing markets in Europe and North America have declined. In addition to the other risks described in this section, these conditions have resulted, and may continue to result, in a reduction in demand for the Group's products, as well as a reduction in the value of its assets under management (AUM). The Group has experienced, and may continue to experience, more fluctuations in claims and policy lapses and withdrawals. Any reduction in demand for the Group's products, decline in the market value of its assets under management or an increase in policy lapses or withdrawals, would result in a reduction in the fee and premium income generated by the Group.

The Group is particularly exposed to the economic, market, fiscal and regulatory conditions in the Netherlands and is highly susceptible to changes in any of these conditions.

As elsewhere in Europe, economic conditions have been difficult in the Netherlands in recent years. Any further deterioration in these conditions or a long-term persistence of these conditions could result in a downturn in new business and sales volumes of the Group's products, and a decrease of its investment return, which, in turn, could have a material adverse effect on the Group's growth, business, revenues and results.

Risks relating to the Group's business

The Group is exposed to financial risks such as credit risk, default risk and risks concerning the adequacy of its credit provisions, any of which could have a significant effect on the value of the Group's assets

Credit risk refers to the potential losses incurred by the Group as a result of debtors not being able to fulfill their obligations when due, or a perceived increased likelihood thereof. Losses incurred due to credit risk include actual losses from defaults, market value losses due to credit rating downgrades and/or spread widening, or impairments and write-downs. The Group is exposed to various types of general credit risk, including spread risk, default risk and concentration risk. Third parties that owe the Group money, securities or other assets may not pay or perform under their obligations. These parties may include customers, the issuers whose securities are being held by the Group, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

The business of the Group is also subject to risks that have an impact on the adequacy of its credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations to the Group which arise from financial transactions. Depending on the actual realisation of such counterparty default, the current credit provisions may prove to be inadequate. If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the Group to determine its credit provisions, these provisions could be inadequate.

The Group is also exposed to concentration risk, which is the risk of default by counterparties or investments in which it has taken large positions. A single default of a large exposure could, therefore, lead to a significant loss for the Group. More insight into this risk can be provided by explaining the single obligor limits of the Group, which are part of the Group's investment framework. The single obligor limits, which are set in accordance with Solvency II guidelines, apply to the total investment portfolio and cap the total exposure per counterparty name. The Group applies a limit on maximum exposure of €700 million for counterparties with a single A rating and higher and €350 million for counterparties with a BBB rating. The concentration risks are monitored on a monthly basis; as at 31 July 2014 all exposures were well within the limits. Although the single obligor limits mitigate concentration risk to a certain degree, the default by one or more counterparties or investments in

which the Group has taken large positions could have a significant effect on the value of the Group's assets.

The Group is exposed to counterparty risk in relation to other financial institutions. Deteriorations in the financial soundness of other financial institutions may have a material adverse effect on the Group's business, revenues, results and financial condition

Due to the nature of the global financial system, financial institutions such as the Group are interdependent as a result of trading, counterparty and other relationships. Other financial institutions with whom the Issuer or its subsidiaries conducts business act as counterparties to the Group in such capacities as borrowers under loans, issuers of securities, customers, banks, reinsurance companies, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other financial intermediaries. In any of these capacities, a financial institution acting as a counterparty may not perform its obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security it provides may prove inadequate to cover their obligations at the time of the default. The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution due to disruptions in the financial markets could materially disrupt securities markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by counterparties that could materially adversely affect the Group. This risk, known as "systemic risk", could adversely impact future product sales as a result of reduced confidence in the insurance and banking industries. It could also reduce results because of market declines and write-downs of assets and claims on third parties. The Group believes that despite increased focus by regulators around the world with respect to systemic risk, this risk remains part of the financial system in which the Group operates and dislocations caused by the interdependency of financial market participants could have a material adverse effect on its business, revenues, results and financial condition.

As the Group is exposed to fluctuations in the equity, fixed income and property markets, this could result in a material adverse effect on its returns on invested assets and the value of its investment portfolio or its solvency position

The returns on the Group's investments are highly susceptible to fluctuations in equity, fixed income and property markets. The Group bears all the risk associated with its own investments. Fluctuations in the equity, fixed income and property markets affect the Group's profitability, capital position and sales of equity related products. A decline in any of these markets will lead to a reduction of unrealised gains in the asset or result in unrealised losses and could result in impairments. Any decline in the market values of these assets reduces the Group's solvency, which could materially adversely impact the Issuer's financial condition and the Group's ability to attract or conduct new business.

Interest rate volatility and sustained low interest rate levels could have a material adverse effect on the Group's revenues, results and financial condition

Interest rate risk results from movements of interest rates, either upwards or downwards, and a mismatch in the duration of assets and liabilities. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Group. The value of the Group's liabilities in respect of certain products, notably annuities, varies as interest rates fluctuate. While the value of fixed income assets and derivatives is also affected by fluctuations in interest rates, the impact of such fluctuations on assets and liabilities may be different due to factors such as differences in volume and duration. Furthermore, interest rates of different maturities can also fluctuate relative to each other. This results in a

steepening or flattening of the yield curve. This may have a material adverse effect on the Group's revenues, results and financial condition.

A significant risk for the Group is the relatively low interest rate environment resulting in lower reinvestment income. The Group uses derivative instruments such as interest rate swaps and swaptions to mitigate its exposure to interest rate volatility. Any mismatch between the interest rate used for discounting the liabilities and the hedged interest rate could render the hedge unsuccessful and expose the Group to unexpected losses and volatility in results.

Prolonged investment underperformance of the Group's funds under management may cause existing customers to withdraw funds and potential customers not to grant investment mandates

When buying investment products or selecting an investment manager, customers (including pension funds and intermediaries) typically consider, among others, the historic investment performance of the product and the individual who is responsible for managing the particular fund. This also holds true in relation to certain investment products sold by the Group's life assurance and pension business, such as life pensions. In the event that the Group does not provide satisfactory or appropriate investment returns in the future, underperforms in relation to its competitors, does not sell an investment product which a customer requires or loses its key individual investment managers, existing customers may decide to reduce or liquidate their investment or, alternatively, transfer their mandates to another investment manager. In addition, potential customers may decide not to grant investment mandates. Such a prolonged period of investment underperformance could have a material adverse effect on the Group's business, revenues, results and financial condition.

Illiquidity of certain investment assets could prevent the Group from selling investments at fair prices in a timely manner

Liquidity risk is inherent in much of the Group's business. Each asset purchased and liability sold has unique liquidity characteristics. Some assets have high liquidity meaning that they can be converted into cash relatively quickly, while other assets, such as privately placed loans, mortgage loans, property and limited partnership interests, generally have low liquidity. Market downturns aggravate low liquidity. They may also reduce the liquidity of those assets which are typically liquid, as has occurred with the markets for asset-backed securities relating to property assets and other collateralised debt and loan obligations. Since 2007, illiquidity has generally been higher than before in all fixed income classes, particularly in asset-backed securities. Due to illiquidity in the capital markets for certain asset classes, the Group may be unable to sell or buy assets at market efficient prices and may therefore realise investment losses or be obliged to issue securities at higher financing costs.

As result, the Issuer may not be able to fulfil its obligations under the Notes in a timely manner.

Changes in longevity, mortality and morbidity experience may materially adversely affect the results of the Group

The Group is exposed to longevity risk (the risk the insured party lives longer), mortality risk (the risk the insured party dies sooner) and morbidity risk (the risk the insured party falls seriously ill or is disabled).

Annuities and other life insurance products are subject to longevity risk, which is the risk that annuitants live longer than was projected at the time their policies were issued, with the result that the insurer must continue paying out to the annuitants for longer than anticipated (and therefore longer than was reflected in the price of the annuity and in the liability established for one policy).

Although the Group believes that its established provisions are adequate, due to the uncertainties associated with such provisions (in particular the risk of future life expectancy increasing at a faster rate than expected), there can be no assurance that such provisions will indeed be adequate and the Group expects more additions to its provisions on account of longevity risk will have to be made in future years, although it is at this point in time not possible to estimate the required increase in such provisions. Should the provisions be insufficient, the Group's business could suffer significant losses that could have a material adverse effect on its business, revenues, results and financial condition.

The Group's life insurance business is also exposed to mortality risk, especially in term life insurance and pension contracts where the surviving partner is the beneficiary.

The Group's life insurance business is exposed to morbidity risk, in particular the risk that more policyholders than anticipated will suffer from long-term health impairments and the risk, in the case of income protection or waiver of premium benefits, that those who are eligible to make a claim do so for longer than anticipated (and therefore longer than was reflected in the price of the policies and in the liability established for the policies). Improvements in medical treatments that prolong life without restoring the ability to work could lead to these risks materialising.

Adverse experience compared to the assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition

The Group's financial results from its operations and its embedded value depend to a significant extent on whether its actual experience is consistent with the assumptions and models used at the time the policy is underwritten, when setting the prices for products and establishing the provisions for future policy benefits and claims. These assumptions are estimates based on historical data and statistical projections of what the Group believes the settlement and administration of its liabilities will be and are therefore applied to arrive at quantifications of some of the Group's risk exposures.

Although the Group monitors its actual experience against the assumptions it has used and refines its long-term assumptions in accordance with actual experience, it is impossible to determine the precise amounts that are ultimately payable. Statistical methods and models may not accurately quantify the Group's risk exposure if circumstances arise that were not observed in the historical data or if the data otherwise proves to be inaccurate.

Lapse risk, which is the risk of policy lapses or withdrawal increases beyond expectations, is another important variable for the Group's business as the Group is not always able to fully recover the up-front expenses incurred by it in selling a product and it may force the Group to sell assets at depressed prices. Lapse risk could have a material adverse effect on the Group's fee income, revenues and results.

The Group is also facing the consequences of external developments related to the distribution fees of insurers. This includes new legislation on the prohibition of retrocession fees for brokers that became effective on 1 January 2013 for complex financial products such as life insurance, occupational disability insurance and mortgages as further described in *The Group relies strongly on its network of intermediaries in the Netherlands to sell and distribute its products and may not be able to maintain a competitive distribution network* below.

In addition, certain acquisition costs related to the sale of new policies and the purchase of policies already in force are deferred and recorded as assets on the Group's balance sheet and are amortised into income over time. If the assumptions relating to the future profitability of these policies (such as assumptions relating to future claims, investment income and expenses) are not realised, these costs could be amortised faster or written off entirely if deemed unrecoverable. The accelerated amortisation or write-off could have a material adverse effect on the Group's results.

Reinsurance may not be available, affordable or adequate to protect the Group against losses, and reinsurers may default on their reinsurance obligations

As part of its overall risk and capacity management strategy, the Group purchases reinsurance for certain risks underwritten by various of its business lines. Market conditions beyond the Group's control determine the availability and cost of reinsurance. The Group may therefore be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could materially adversely affect its ability to write future business and expose it to higher levels of losses.

As the life and non-life businesses of the Group are subject to claims resulting from unforeseeable and/or catastrophic events, which are inherently unpredictable, the actual claims amount of the Group may exceed its established reserves or the Group may experience an abrupt interruption of activities

In its life and non-life businesses, the Group is subject to losses from natural and man-made catastrophic events. Such events include, without limitation, weather and other natural catastrophes such as wind and hailstorms, floods, earthquakes and pandemic events, as well as events such as terrorist attacks. The frequency and severity of such events, and the losses associated with them, are inherently unpredictable and cannot always be adequately reserved for. In accordance with industry practices, reserves are established based on estimates using actuarial projection techniques. The process of estimating is based on information available at the time the reserves are originally established. Although the Group continually reviews the adequacy of its established claim reserves, and based on current information the Group believes its claim reserves are sufficient, there can be no assurances that its actual claims experience will not exceed its estimated claim reserves. If actual claim amounts exceed the estimated claim reserves, its earnings may be reduced and net profits may be adversely affected. In addition, because unforeseeable and/or catastrophic events can lead to abrupt interruption of activities, its insurance and other operations may be subject to losses resulting from such disruptions. Losses can relate to property, financial assets, trading positions and also to key personnel. If its business continuity plans are not able to be put into action or do not take such events into account, losses may further increase.

Changes in tax law may render the Group's products less attractive

Some of the Group's products are attractive to customers because they afford certain tax benefits. For example, individual life insurance policyholders can under certain conditions deduct their payments from their taxable income. Furthermore, mortgage borrowers in the Netherlands can under certain conditions also deduct their interest payments under residential mortgage loans from their taxable income. Interest payments on a residential mortgage loan are only deductible if the mortgage loan is repaid within 30 years on (at least) an annuity (*annuitaire*) basis. This limitation only applies to mortgage loans taken up after 1 January 2013. Changes in tax laws or the interpretation thereof or changes in rates of taxation could have a material adverse effect on the attractiveness of the Group's products and therefore its business, revenues, results and financial condition.

Strategic Risk

The Group's performance is subject to substantial competitive pressures that could adversely affect its results of operations

There is substantial competition for the types of insurance products and services that the Group provides. Such competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. If the Group is unable to provide attractive product and service offerings that are profitable, it may lose market share or incur losses on some or all activities.

The recent economic downturn has resulted in important changes in the competitive landscape in which the Group operates and further changes can be expected. The financial distress experienced by certain financial services industry participants in the Netherlands (including some of the Group's major competitors) as a result of recent market and economic conditions have led and may lead to further consolidation in both the insurance and banking markets through acquisitions, forced takeovers and the formation of new alliances. An increased level of consolidation could enhance the competitive position of some of the Group's competitors by broadening their product and services ranges, increasing their distribution channels and their access to capital. Although the Group will continuously evaluate its opportunities for acquisitions, joint ventures, alliances or investments that may arise as a result of such consolidation, any failure by Group to successfully identify suitable transactions, properly value transactions, complete transactions or otherwise respond to changes in the competitive landscape could harm the Group's competitive position, and its ability to maintain or increase its market share and profitability.

The Group relies strongly on its network of intermediaries in the Netherlands to sell and distribute its products and may not be able to maintain a competitive distribution network

The Group has a strong position based on gross written premiums (excluding Health insurance) in the Dutch insurance market and an extensive distribution platform. Since distribution in the SME segment mainly takes place via intermediaries, in this area of business the Group relies on its network of intermediaries. In the retail segment, clients' preferences are shifting to hybrid distribution (i.e. direct channel in addition to the intermediary channel), in respect of which the Group has positioned Ditzo. However, the majority of the products and services of the Group is distributed through its network of intermediaries.

The intermediaries in the Netherlands are independent of the Group. In addition, the Group does not have exclusivity agreements in place with Dutch intermediaries so they are free to offer products from other insurance companies as well, and there is no obligation on them to give precedence to the products of the Group. An intermediary assesses which companies are suitable for it and its customers by considering, among other things, the security of investment and prospects for future investment returns in the light of a company's product offering, past investment performance, financial strength and perceived stability, ratings, the amount of initial and recurring sales commission and fees paid by a company and the quality of the service provided to the intermediary. An intermediary then determines which products are most suitable by considering, among other things, product features and price. An unsatisfactory assessment by an intermediary of the Group and its products based on any of these factors could result in the Group generally, or in particular certain of its products, not being actively marketed by intermediaries to their customers in the Netherlands.

On 1 January 2013, new legislation on the prohibition of commissions for intermediaries for complex financial products like life insurance, pensions, mortgages and occupational disability insurance came into force. Commissions are now included in the gross price of these products for the end customer. Further cancellation of profit commission and bonuses for underwriting agents also appears to be in progress. Such developments may lead to unrest and uncertainty for the intermediaries and in such circumstances they will have to adapt their business model quickly. The risk for the Group is that its collaborating agents may no longer be viable and overall activity levels and portfolio size could significantly decrease.

The Group is exposed to the risk of damage to any of its brands or its reputation, which could have a significant impact on the financial condition of the Group

The Group's success and results are, to a certain extent, dependent on the strength of its brands and the Group's reputation. The Group and its products are vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. The Group relies on its brands such as ASR Nederland, AMEV Stad Rotterdam Verzekeringsgroep (ASR), ASR Verzekeringsgroep, a.s.r. and a.s.r. de nederlandse verzekeringmaatschappij voor alle verzekeringen. The Group is exposed to the risk that litigation (such as on mis-selling), employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, amongst others, whether or not founded, could damage its brands or reputation. Any of the Group's brands or the Group's reputation could also be harmed if products or services recommended by the Group do not perform as expected (whether or not the expectations are founded) or the customer's expectations for the product change. Any damage to the Group's brands (or brands associated with the Group) or reputation could cause existing customers or intermediaries to withdraw their business from the Group and potential customers or intermediaries to be reluctant or elect not to do business with the Group. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agencies' perception of the Group, which could make it more difficult for the Issuer or other Group members to maintain their respective credit ratings. Any damage to the Group's brands or reputation could cause disproportionate damage to the Group's business, even if the negative publicity is factually inaccurate or unfounded.

Future acquisitions might influence the Issuer's business performance and solvency position

The current business performance and the solvency position of the Issuer might change as a result of future mergers or acquisitions. In particular, the Dutch Minister of Finance has authorised the Issuer to take part in the selling process of the insurance entities of SNS Reaal and the Issuer is currently investigating bidding options for the aforementioned acquisition. While the interests of both current and future stakeholders will be considered, the Issuer currently cannot predict the exact impact of such an acquisition (if undertaken and completed).

Operational Risk

The Group is subject to operational risks, which can originate from inadequate or failed internal Group processes and systems, the conduct of Group personnel and third parties, and from external events that are beyond the Group's control

The Group is subject to operational risks, which risks can originate from inadequate or failed internal Group processes and systems, the conduct of Group personnel and third parties (including intermediaries, tied agents and other persons engaged by the Group to sell and distribute its products and to provide other services to the Group), and from external events that are beyond the Group's control. The Group's internal processes and systems may be inadequate or may otherwise fail to be fully effective due to the failure by Group personnel and third parties to comply with internal business policies or guidelines, and (unintentional) human error (including during transaction processing), which may result in, among others, the incorrect or incomplete storage of files, data and important information (including confidential customer information), inadequate documentation of contracts and mistakes in the settlement of claims (for instance, where a claim is incorrectly assessed as valid, or where the insured receives an amount in excess of that to which the insured is entitled under the relevant contract).

The Group has developed policies and procedures to identify, monitor and manage operational risks, and will continue to do so in the future. However, these policies and procedures may be inadequate, or may otherwise not be fully effective.

If any of these operational risks were to occur, it could result in, amongst others, additional or increased costs, errors, fraud, violations of law, investigations and sanctions by regulatory and other supervisory authorities, claims by customers, customer groups and customer protection bodies, loss of existing customers, loss of potential customers and sales, loss of receivables, and harm the Group's reputation, any of which, alone or in the aggregate, could have a material adverse effect on the Group's business, revenues, results of operations, and financial condition.

The occurrence of natural or man-made disasters may endanger the continuity of the Group's business operations and the security of the Group's employees

The Group is exposed to various risks arising from natural disasters (including floods, fires, storms), as well as man-made disasters and core infrastructure failures (including acts of terrorism, war, and power grid and telephone/internet infrastructure failures). These natural and man-made disasters may endanger the continuity of the Group's business operations and the security of the Group's employees, and may adversely affect the Group's business, results of operations and financial condition by causing, among other things: disruptions of the Group's normal business operations due to property damage, loss of life, or disruption of public and private infrastructure, including information technology and communications services, and financial services.

The Group's operations support complex transactions and there is a risk that the information technology and communication systems do not function properly

The Group relies heavily on its operational processes and communication and information systems to conduct its business, including (without limitation) to determine the pricing of its products, its underwriting liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, customer services and compliance with its reporting obligations. The Group depends on third party providers of administration and IT services and other back office functions.

Any interruption in the Group's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of the Group's services to its customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage the Group's brands and reputation. Furthermore, if the contractual arrangements put in place with any third party providers are terminated, the Group may not find an alternative outsource provider on a timely basis or on equivalent terms. The occurrence of any of these events could have a material adverse effect on the Group's business, revenue, results and financial condition.

In addition, even though back-up and recovery systems and contingency plans are in place and legacy removal and upgrading (quality improvement) of its systems are in progress to update old systems and infrastructure, the Group cannot assure investors that interruptions, failures or breaches in security of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. Furthermore, the Group is exposed to cyber crime risks. Login credentials of customers, intermediaries and employees may be intercepted by cyber criminals. This could lead to abuse of information and harm the Group's reputation.

Any interruptions, failures or breaches in security of these processes and systems could also result in a loss of customers and/or materially adversely affect the Group's ability to compete with its competitors.

The Group may not be able to retain or attract personnel who are key to the business

The success of the Group's operations is dependent, among other things, on its ability to attract and retain highly qualified professional personnel. Competition for key personnel is intense. Its ability to

attract and retain key personnel, in particular senior officers, experienced portfolio managers, mutual fund managers, sales executives, risk managers, financial reporting managers, actuaries and compliance officers, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. Any failure by the Group to retain or attract qualified personnel could have a material adverse effect on its business, revenues, results or financial condition.

Regulatory Risk

Changes in government regulations may have a material adverse effect on the Group's business, revenues, results and financial condition

The Group's business is heavily regulated and supervised. Failure to comply with any laws and regulations could lead to disciplinary action, the imposition of fines, revocation of a licence, permission or authorisation necessary for the conduct of the Group's business and/or civil liability, all or any of which could have a materially adverse effect on the Group's business.

Laws and regulations applied at a national level generally grant supervisory authorities broad administrative discretion over the Group's activities, including the power to limit or restrict business activities. It is possible that laws and regulations governing the Group's business or particular products and services could be adopted, amended or interpreted in a manner that is adverse to the Group. These include laws and regulations that (a) reduce or restrict the sale of the products and services offered by the Group, (b) negatively affect the pricing, distribution or performance of these products and services, (c) prohibit the Group from putting certain exclusions in its insurance policies or (d) affect the Group's solvency and capital requirements. The Group's revenues, costs, results and available or required regulatory capital could be affected by an increase or change in regulations. In recent years, the general trend in Dutch regulation has been to hold financial and insurance institutions to increasingly stricter and more detailed standards concerning their duty of care to their customers. This trend affects the Group's Dutch life insurance business through rules regarding the sale of pension and life insurance products to individuals as well as the introduction of life cycle investment restrictions in collective defined contribution plans.

Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition

The Group faces potentially significant risks of litigation, regulatory investigations and other actions in the conduct of its business. In recent years, the financial services industry and financial products have increasingly been the subject of litigation, investigation and regulatory activity by various governmental, supervisory and enforcement authorities.

The principal litigation and investigations concern common industry practices in the Netherlands, in particular compensation payments to unit-linked policyholders. In the Netherlands, certain customers, and groups representing customers have initiated litigation, and certain groups are encouraging others to bring lawsuits against insurance companies in the Netherlands, regarding the appropriateness of premiums and policy costs in respect of certain products including securities leasing products and unit-linked products (commonly referred to in Dutch as *beleggingsverzekeringen*). The issue came to light after the AFM performed research in 2006 in which it identified irregularities with unit-linked insurance products. Since the end of 2006, unit-linked products have received negative attention in the Dutch media, from the Dutch Parliament, the AFM and consumer protection organisations. Allegations started to emerge that products and services had not been transparent, were too costly or delivered a result different from what the client could reasonably have expected. Customer interest groups were formed specifically in this context.

The Group has responded proactively to its clients and was ahead of its peers in addressing the issues. The Group's approach to compensate individual unit-linked policies was adopted by the Ministry of Finance as best practice and this resulted in 10 best in class principles, also known as "*Flankerend beleid*". The Group implemented the best in class principles of which the most significant elements are:

- Compensation related to the past is paid out directly to (or added to the policy of) the policyholders instead of at the expiry date. Additionally, an annual compensation payment, related to the future period of the policies, is added during the remaining years of the policy;
- Surrender penalties are not charged to the policyholders;
- Product improvements are introduced and policyholders are assisted in converting their policy to an improved tariff. Examples of product improvements include the introduction of New Generation Mix funds, the abolition of switch costs and compensation when policies get paid up (*'premievrij'*); and
- All active and non-active policyholders have been informed about any compensation amounts payable in respect of their policy. In addition, the Group informed active policyholders about the possibility of obtaining free professional advice. Policyholders have a choice to lapse the insurance contract or to convert their existing policy into a new insurance contract with the Group or another insurance company. New products of the Group typically have lower expense levels, lower risk premiums and newly introduced investment funds with lower charges than the current contracts.

In addressing the issue, the Group also settled with two claims organisations to offer compensation to the unit-linked policyholders represented through those two organisations, where individual unit-linked policies had a cost charge in excess of an agreed maximum and to offer similar compensation for certain hybrid insurance products. Furthermore, the Group paid special attention to a specific group of policyholders considered as 'most vulnerable' and 'vulnerable'. The 'most vulnerable' policies are policies for which the fund value is expected to become less than zero in the future. The 'vulnerable' policies are those for which the expected fund value increase is less than the sum of the future premiums, accrued with 4% interest. The policyholders considered as 'most vulnerable' and 'vulnerable' were informed by the Group and asked to make a conscious decision as to whether to adjust their policy by the end of April 2014. However, a number of these policyholders did not respond to the Group's 'mobilising' letters, could not be reached due to missing contact details and/or have not yet explicitly made a decision. In the Group's opinion this is due to the fact that the Group has already made a substantial effort over the years to address the relevant issues with clients and to decrease the total number of clients with potential issues with their policies. The remainder of these clients is a small percentage (6%) of the total existing portfolio of 370,000 active policies. The Group continues its efforts to encourage these clients to make a decision. During the 2013 financial year the scope of the 'most vulnerable' and 'vulnerable' policies was extended to include all unit-linked mortgage policies as included in the existing portfolio. Until this extension only the ones for which the fund value was expected to become less than the sum of the future premiums, accrued with 4% interest qualified as 'vulnerable' or 'most vulnerable'. The Group will inform this additional selection of policyholders by the end of 2014.

Historic costs of the compensation scheme for all unit-linked insurance contracts have been fully recognised by the Group in its audited consolidated annual financial statements in respect of the years ended 31 December 2012 and 31 December 2013, and also in its unaudited condensed consolidated interim financial statements in respect of the six months ended 30 June 2014. In each case, provisions were made on the basis of management's best knowledge of current facts, settlements with claims organisations, actions, claims, complaints and events.

The total recognised cumulative financial impact of the compensation scheme in the Group's profit and loss account until 31 December 2013 is €1,085.7 million. The remaining provision in the balance

sheet as at 31 December 2013 amounts to €218.3 million. This provision is included in the Liabilities arising from insurance contracts on behalf of policyholders.

As noted above, there has been for some time, and there continues to be, political, regulatory and public attention focused on the unit-linked policies in general. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and future legal proceedings and there is a risk that one or more of these legal challenges will succeed. Since 2011, the Group settled 70 cases which were brought before *Klachteninstituut Financiële Dienstverlening (KIFID)*. KIFID is an independent body that offers an alternative forum for customers to file complaints or claims regarding financial services. Its decisions may be appealed in the courts. Furthermore, the Group settled 22 cases which were brought before Dutch courts. The Group is currently subject to legal proceedings initiated by individual policyholders, in some cases represented by Stichting ODIN/Graafsma, Consumentenclaim, Claimexperts, Hypoco, Joficon and ARAG, and is the subject of a number of claims initiatives brought on behalf of policyholders by claims organisations, which include Stichting Woekerpolisproces and Vereniging Woekerpolis.nl. As the current proceedings and claims initiatives are only in early stages, the timing of reaching any conclusion on these legal claims and proceedings is uncertain and such uncertainty is likely to continue for some time. Therefore, the potential risks and the effect upon the Group's financial position are difficult to quantify.

In September 2013, KIFID rendered an interim decision against another insurance company in the Netherlands. In its interim decision, KIFID found that the consumer had not been adequately informed of the initial costs embedded within its unit-linked policy, nor of the leverage component thereof, and challenged the contractual basis for the charges. If KIFID were to finally decide unfavourably and that decision were to be upheld by a court, there can be no assurance that such decision would not have a material adverse effect on the Group's results of operations or financial position if the principles underlying any such decision were to be applied also to the Group's products in current or future litigation.

In June 2014, the Attorney General to the European Court of Justice gave its non-binding advisory opinion to the European Court of Justice on preliminary questions raised in a court case pending before the District Court in Rotterdam against another insurance company in the Netherlands. The main question being considered by the European Court of Justice is whether European law permits the application of information requirements based on general principles of Dutch law that potentially extend beyond information requirements prescribed by local laws and regulations in force at the time the policy was written. The opinion of the Attorney General refers to disclosure requirements existing under European law, as well as the possibility for national rules to embed principles of transparency. The European Court will render a judgment in 2014 at the earliest. It is possible that a judgment, although it may clarify a question of legal principle only and would be rendered in a case against another insurer, may ultimately be used by plaintiffs against the Group to substantiate alleged claims.

The Group cannot predict the effect that the current trend towards litigation and investigation will have on the financial services industry or its business. Current and future investigations by supervisory authorities, in particular in the context of market conduct supervision, could result in sanctions, require the Group to take costly measures or result in changes in laws and regulations in a manner that is adverse to the Group and its business. Changes to the pricing structure of any products resulting from legal or regulatory action, a substantial legal liability or a significant regulatory action could have a material adverse effect on the Group's business, revenues, results and financial condition. In addition, the Group's reputation could suffer and it could be fined or prohibited from engaging in some of its business activities or be sued by clients if it does not comply with applicable laws or regulations. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the Group, particularly those cases in which the matters are brought on behalf of various groups of claimants, seeking damages of unspecified or indeterminate amounts or involving novel legal claims.

The Group is exposed to the risk of mis-selling claims from customers who feel misled or treated unfairly

The Group's products are exposed to mis-selling claims. Mis-selling claims are claims from customers that they received misleading advice from advisers (internal and external) as to which products were most appropriate for them, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold were misrepresented to them. Products distributed through person-to-person sales forces have a higher exposure to mis-selling claims as the sales forces provide face-to-face financial planning and advisory services. The vast majority of the policies were sold through intermediaries. Customers (whether they be individual or group customers) who feel that they have been misled have sought, and may in the future seek, redress for expectations that the advice or perceived misrepresentations created. They may also hold the insurance company accountable for the advice given by an intermediary, even though the insurance company has no control over the intermediary. Complaints may also arise in respect of any other aspect of the Group's business if customers feel that they have not been treated reasonably or fairly (whether or not this accurate or well founded) or that the Group has not complied with its duty of care. Furthermore, customers' views of what is fair and reasonable could change over time.

Risks relating to the Dutch Intervention Act

In June 2012, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) came into force in the Netherlands, with retroactive effect from 20 January 2012. The Dutch Intervention Act grants far-reaching new powers to the Dutch Central Bank (*De Nederlandsche Bank N.V.* or **DNB**) and the Dutch Minister of Finance to intervene in situations where an institution, including a financial group such as the Group, faces financial difficulties or where there is a serious and immediate risk to the stability of the Dutch financial system caused by an institution in difficulty. The Dutch Intervention Act will need to be amended as a result of the entry into force of the EU Directive on the recovery and resolution of credit institutions and investments firms, which was approved by the European Parliament on 15 April 2014 and of which the final text was published on 12 June 2014 (the **Bank Recovery and Resolution Directive**). Under the Dutch Intervention Act, substantial new powers have been granted to DNB and the Dutch Minister of Finance enabling them to deal with ailing Dutch banks and insurance companies prior to insolvency. The measures allow them to commence proceedings which may lead to (a) the transfer of all or part of the business (including, in the case of a bank, deposits) of an ailing bank or insurance company to a private sector purchaser, (b) the transfer of all or part of the business of an ailing bank or insurance company to a "bridge entity", (c) the transfer of the shares in an ailing bank or insurance company to a private sector purchaser or a "bridge entity", (d) immediate interventions by the Dutch Minister of Finance concerning an ailing bank or insurance company, and (e) public ownership (nationalisation) of (i) all or part of the business of an ailing bank or insurance company or (ii) all or part of the shares or other securities issued by an ailing bank or insurance company or its holding company. The Dutch Intervention Act also contains measures that limit the ability of counterparties to invoke contractual rights (such as contractual rights to terminate or to invoke a right of set-off or to require security to be posted) if the right to exercise such rights is triggered by intervention of DNB or the Dutch Minister of Finance based on the Dutch Intervention Act or by a circumstance which is the consequence of such intervention. There is a risk that the exercise of powers by DNB or the Dutch Minister of Finance under the Dutch Intervention Act could have a material adverse effect on the performance by the failing institution, including the Issuer, of its payment and other obligations under debt securities, including the Notes, or result in the expropriation, write-off, write-down or conversion of securities such as shares and debt obligations (including the Notes) issued by the failing institution or its parent, including the Issuer.

Additional requirements for Dutch life insurers to pay out dividends

In April 2013, the Dutch Minister of Finance announced amendments to acts on the supervision of Dutch life insurers. From 1 January 2014, the largest Dutch life insurance companies must fulfil an additional requirement to be able to pay out a dividend. This requirement involves being able to withstand a stress scenario based on the parts of the standard formula of Solvency II. This requirement is called the theoretical solvency criteria (TSC). If the TSC position at the Group's life insurance company, ASR Levensverzekering N.V., is lower than 100%, the DNB will need to issue a certificate of no objection (*verklaring van geen bezwaar 'vvgb'*) before pay-out of dividends is allowed and if no such certificate is received from the DNB, no dividend will be allowed to be paid out. As described in above in *The Issuer is a holding company with no operations and relies on its operating subsidiaries to provide it with dividend payments and other funds to meet its financial obligations and to pay out dividends above*, the Issuer is dependent on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends and payment of principal and interest on the Notes and therefore any such limitation on pay out of distributions by ASR Levensverzekering N.V. to the Issuer will impact the Issuer's ability to fulfil its obligations under the Notes.

Financial Reporting Risk

Changes in accounting standards or policies could materially adversely affect the Group's reported results and shareholders' equity

Since 2005, the Group's financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted by the European Union (EU).

Therefore, the Group is required to adopt new or revised accounting standards issued by recognised authoritative bodies, including the International Accounting Standards Board (IASB) periodically.

The following are the most important expected changes in the IFRS standards, effective after 1 January 2015, which have been issued by the IASB, however not yet officially endorsed by the EU:

- IFRS 9 Financial Instruments (issued on 24 July 2014; effective 1 January 2018); and
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014; effective 1 January 2017).

The consequences of these expected accounting changes are expected to be material, however cannot be reliably estimated or quantified at this point.

Any future changes in IFRS requirements could change the current accounting treatment that applies to the Group's financial statements, which could have a material adverse effect on the Group's reported results, financial condition and shareholders' equity. This includes the level and volatility of reported results and shareholders' equity.

Defects and errors in the Group's processes, systems and reporting may cause internal and external miscommunication, wrong decisions and/or wrong reporting to clients

Defects and errors in the Group's financial and actuarial processes, systems and reporting including both human and technical errors, could result in a late delivery of internal and/or external reports or reports with insufficient or inaccurate information.

Furthermore, defaults and errors in the Group's financial reporting processes, systems and reporting could lead to wrong management decisions in respect of, for instance, product pricing which could materially adversely affect its net income.

Any errors in information used for external reporting purposes such as reported profit and loss statements, market consistent embedded value, balance sheet components and reported financial conditions, could materially adversely affect the Group's business, revenues, profits and financial condition as restatements of any publicly disclosed information, in any form, could seriously harm its reputation.

Structural risks

The Issuer is a holding company with no operations and relies on its operating subsidiaries to provide it with dividend payments and other funds to meet its financial obligations and to pay out dividends

The Issuer is a holding company with no material, direct business operations. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends and payment of principal and interest on the Notes. The ability of the Issuer's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory, legal, regulatory or contractual limitations (including pursuant to the TSC (defined below). See *Additional requirements for Dutch life insurers to pay out dividends* below).

As an equity investor in its subsidiaries, the Issuer's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries. To the extent that the Issuer is recognised as a creditor of such subsidiaries, the Issuer's claims may still be subordinated to any security interest in, or other lien on, their assets and to any of their debt or other obligations that are senior to the Issuer's claims.

RISK FACTORS RELATING TO THE NOTES

1. General risks relating to the Notes

Independent review and advice

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A prospective investor may not rely on the Issuer or the Joint Lead Managers (as defined in *Subscription and Sale*) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, bearing in mind that the currency for principal or interest payments may be different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legality of purchase

Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Modification, waivers and substitution

The Agency Agreement contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Regulatory and legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax

authorities or court decisions may be available for financial instruments such as the Notes. The tax impact on Noteholders generally in the Netherlands and as a result of the entry into force of the EU Directive 2003/48/EC on the taxation of savings income is summarised under the section entitled "EU Savings Directive" below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. Potential investors cannot rely upon such tax summary contained in this Prospectus but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only this adviser is in a position to duly consider the specific situation of the potential investor. This risk factor has to be read in connection with the taxation sections of this Prospectus.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), member states of the European Union (**Member States**) are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in its jurisdiction to or for the benefit of an individual resident in that other Member State or certain limited types of entities established in that other Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive (the **Amending Directive**) amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. The Amending Directive will also expand the circumstances in which payments must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries.

A number of non-EU countries and territories including Switzerland have adopted similar measures to the Savings Directive (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in Member States, such withholding may occur in a wider range of circumstances than at present, as explained above. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to, such Directive.

Foreign Account Tax Compliance Act withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (or **FATCA**) impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are held within Euroclear and Clearstream, Luxembourg (together the **ICSDs**), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligation under the Notes is discharged once it has paid the ICSDs, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Prospective investors should refer to the section *Taxation - Foreign Account Tax Compliance Act*.

Change of law

The Terms and Conditions of the Notes are based on Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Dutch law or administrative practice or in the official application or interpretation of Dutch law after the date of this Prospectus.

Liquidity risks and market value of the Notes

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, political events in the Netherlands or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded, the financial condition and the creditworthiness of the Issuer and/or the Group, as well as other factors such as the outstanding amount of the Notes, the redemption features of the Notes and the level, direction and volatility of interest rates generally. Such factors also will affect the market value of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and in extreme circumstances such investors could suffer loss of their entire investment.

Credit ratings may not reflect all risks

The Notes are expected to be rated BBB- by S&P. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Any decline in the credit ratings of the Issuer or the Notes may affect the market value of the Notes and changes in rating methodologies may lead to the early redemption of the Notes

S&P has assigned a BBB+ rating to the Issuer and is expected to assign a BBB- rating to the Notes. S&P or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

An active trading market for the Notes may not develop

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Issuer or its subsidiaries are entitled to buy the Notes, which may then be cancelled or caused to be cancelled, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing securities are introduced in the markets, this may adversely affect the value of the Notes.

In addition, investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations will be significant.

The price at which a Noteholder will be able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

2. Risks relating to the structure of the Notes

The Issuer's obligations under the Notes are subordinated

The obligations of the Issuer under the Notes in respect of principal and interest constitute direct, unconditional, unsecured and subordinated obligations of the Issuer, ranking (a) junior to the claims of all Senior Creditors of the Issuer and (b) in priority to claims in respect of (i) any Equity Securities and (ii) any Junior Obligations and rank *pari passu* and without any preference among themselves.

In the event of the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling* or *noodregeling*, as applicable)) or dissolution (*ontbinding*) or liquidation (*vereffening*) of the Issuer, the payment obligations of the Issuer under the Notes shall rank in right of payment after the claims of all Senior Creditors of the Issuer and payment to Noteholders or Couponholders may only be made and any set-off by Noteholders or Couponholders shall be excluded until all obligations of the Issuer in respect of such Senior Creditors have been satisfied, but, as the case may be, in priority to claims in respect of (i) any Equity Securities and (ii) any Junior Obligations.

In the event of incomplete payment of creditors ranking senior to holders of the Notes (in the context of the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling* or *noodregeling*, as applicable)) or dissolution (*ontbinding*) or liquidation (*vereffening*) of the Issuer) the obligations of the Issuer in connection with the Notes and relative interest will be terminated.

Therefore, there is a risk that an investor in the Notes will lose all or some of his investment should the Issuer become insolvent or be dissolved or liquidated.

There are no events of default under the Notes

The Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment.

Deferral of interest payments

On any Optional Interest Payment Date, the Issuer may elect to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

On any Mandatory Interest Deferral Date, the Issuer will be obliged to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment.

Any interest not paid on an Optional Interest Payment Date or a Mandatory Interest Deferral Date and deferred shall so long as the same remains outstanding constitute Arrears of Interest and shall be payable as outlined in Condition 3.7(iii) in *Terms and Conditions of the Notes*.

Any actual or anticipated deferral of interest payments will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the above provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Payments made under certain junior or equal-ranking instruments may not trigger an obligation for the Issuer to make payments on the Notes

If a Compulsory Interest Payment Event has occurred during the period of twelve months ending on an Interest Payment Date, the Issuer will be obliged to pay interest and Arrears of Interest on such Interest Payment Date, provided that no Regulatory Deficiency Event has occurred and is continuing on such Interest Payment Date and the payment of such amount would in itself not cause a Regulatory Deficiency Event. A Compulsory Interest Payment Event means (i) a declaration by the general meeting of shareholders of the Issuer, or a payment, of a dividend or distribution in any form on any

Equity Securities or (ii) the Issuer purchases or otherwise acquires any Equity Securities (other than any Equity Securities purchased or otherwise acquired by the Issuer in the context of any equity derivative hedge structure or transaction, under any hedging of stock options programme or any other compensation benefit programme, if any, in connection with financial restructuring, mergers or acquisitions, split-offs, divestments or alike corporate transactions).

Therefore, payments on instruments ranking junior to or *pari passu* with the Notes, other than on any Equity Securities, will not trigger an obligation for the Issuer to pay interest or Arrears of Interest on the Notes.

Potential investors in the Notes should therefore note that holders of instruments ranking junior to or *pari passu* with the Notes may receive payments from the Issuer in priority to the Noteholders, even though their claims rank junior to or *pari passu* with those of the Noteholders.

The Notes are undated securities

The Notes are undated, perpetual securities in respect of which there is no fixed maturity or redemption date, but only an option for the Issuer to repay them in certain circumstances.

Therefore prospective investors should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period of time.

Early redemption risk

Subject to the Prior Approval of the Relevant Supervisory Authority, the Issuer may redeem the Notes in whole, but not in part, on the Interest Payment Date falling on the First Call Date or on any Interest Payment Date thereafter.

The Issuer may also, at its option, at any time on or after 30 September 2019, or if permitted under the then Applicable Regulations, at any time, redeem the Notes in whole, but not in part, upon the occurrence of a Gross-up Event, a Tax Deductibility Event, a Regulatory Event or a Rating Methodology Event, as further described in *Terms and Conditions of the Notes - Redemption and Purchase*.

Such redemption options will be exercised at the principal amount of the Notes together with interest accrued to the date of redemption (including, for the avoidance of doubt, any Arrears of Interest and Additional Interest Amounts (if any) thereon at such date).

The option for the Issuer to redeem the Notes may affect their market value. From the First Call Date, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the First Call Date.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

Optional early redemption, exchange or variation of the Notes for regulatory reasons

The Notes are issued for capital adequacy regulatory purposes with the intention that all the proceeds of the Notes be eligible under the then Applicable Regulations as at least Tier 2 Capital of the Issuer. If as a result of any change in the Applicable Regulations (or an official application or interpretation thereof), on or after the Issue Date, all the proceeds of any outstanding Notes would cease to be

eligible as at least Tier 2 Capital of the Issuer, the Issuer has the right to exchange or vary the Notes, subject (among other things) to such exchange or variation not being prejudicial to the Noteholders, so that after such exchange or variation they would be so eligible. Alternatively, the Issuer has the right, under the same circumstances, to redeem the Notes (but not before 30 September 2019, unless permitted by the then Applicable Regulations) early as further described in *Early redemption risk* above and in *Terms and Conditions of the Notes - Redemption and Purchase*.

Optional early redemption, exchange or variation of the Notes for rating reasons

The Notes are issued with the intention on the part of the Issuer that the proceeds of such Notes obtain a favourable equity content (a certain qualification of the treatment of the Notes by S&P as capital of the Issuer) from S&P to be assigned, *inter alia*, in line with S&P's existing methodology. S&P may at some point revise its methodology which may affect the equity content assigned by S&P to the Notes. The Issuer has the right, should such equity content assigned by S&P be materially reduced when compared to the equity content assigned on issue of the Notes as a result of a change in, or clarification to, the methodology (or the interpretation thereof) of S&P on or after the Issue Date, to exchange or vary the Notes, subject (among other things) to such exchange or variation not being prejudicial to the Noteholders, so that after such exchange or variation, the equity content assigned by S&P to the exchanged or varied Notes is at least the same as the equity content assigned to the Notes by S&P on their issue. Alternatively, the Issuer has the right, under the same circumstances, to redeem the Notes early (but not before 30 September 2019, unless permitted by the then Applicable Regulations) as further described in *Early redemption risk* above and in *Terms and Conditions of the Notes - Redemption and Purchase*.

No limitation on issuing or guaranteeing debt ranking senior to or "pari passu" with the Notes

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* with or senior to the obligations under the Notes. If the Issuer's financial condition was to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including deferral of interest and, if the Issuer were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

Interest rate risk

Interest on the Notes before the First Call Date involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Interest on the Notes for each Relevant Five-Year Period shall be calculated on the basis of the mid swap rates for euro swap transactions with a maturity of five years plus a margin of 4.95 per cent. These mid swap rates are not pre-defined for the lifespan of the Notes. Higher mid swap rates for euro swap transactions mean a higher interest on the Notes and lower mid-swap rates mean a lower interest on the Notes. As a consequence, the interest rate in respect of the Notes following the First Call Date may be less favourable than the prevailing interest rate in respect of the Notes prior to the First Call Date.

Solvency II Directive

The Notes are expected to qualify as additional solvency margin for capital adequacy regulatory purposes pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht (Wft)*). The capital adequacy requirements for insurance companies are currently under a fundamental review. The Solvency II Directive provides for a new capital adequacy regime for insurance companies. It is currently expected that the Solvency II Directive will be implemented in the Wft on 31 January 2015

and apply to insurance companies from 1 January 2016. The level 2 implementing measures, however, are still to be finalised and remain subject to change at this stage. The content of the level 2 implementing measures may differ from what is currently expected and therefore could, when finalised, have an adverse effect on the interests of the Noteholders. In particular, the implementing measures could result in a higher overall valuation of liabilities or capital requirement for the Issuer and/or the Group, or a lower overall recognition of own funds than is currently expected. This may result in the occurrence of a Regulatory Deficiency Event following which payment of principal and interest under the Notes would be deferred.

IMPORTANT INFORMATION

Responsibility

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers (as defined under *Subscription and Sale* below). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Group since the date hereof.

The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The Joint Lead Managers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. No Joint Lead Manager accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Offering Restrictions

This Prospectus should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes

may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the United Kingdom, see *Subscription and Sale*.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons as defined in Regulation S of the Securities Act. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see *Subscription and Sale* below.

Miscellaneous

All references in this document to **euro, euros, EUR** and **€** refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Communities, as amended.

In this Prospectus, the **Issuer** or **a.s.r.** refers to ASR Nederland N.V. and the **Group** refers to the Issuer and its subsidiaries (unless the context requires otherwise).

See *Terms and Conditions of the Notes* for capitalised terms used in this Prospectus which are not otherwise defined.

In connection with the issue of the Notes, UBS Limited (the **Stabilising Manager**) (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the AFM, shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) The publicly available audited consolidated annual financial statements of the Issuer, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (**IFRS**) (as they appear in the Issuer's annual reports for the relevant year), including the notes thereto, in respect of the years ended 31 December 2012 and 31 December 2013 as included on page 58 up to and including page 174 of the English language version of the Issuer's annual report for 2012 and on page 84 up to and including page 197 of the English version of the Issuer's annual report for 2013, respectively;
- (b) The auditor's report for each of the years ended 31 December 2012 and 31 December 2013 (excluding the sections in the auditor's reports headed "*Opinion with respect to the company financial statements*", "*Report on other legal and regulatory requirements*" and "*Our opinion with respect to the company financial statements*", respectively) which appear on page 184 of the English language version Issuer's annual report for 2012 and on page 206 up to and including page 209 of the English language version Issuer's annual report for 2013, respectively;
- (c) The publicly available unaudited condensed consolidated interim financial statements of the Issuer, which have been prepared in accordance with IFRS, including the notes thereto, in respect of the six months ended 30 June 2014 as included on page 16 up to and including page 38 of the English language version of the Issuer's interim report for the first half year 2014;
- (d) The publicly available presentation concerning the unaudited condensed consolidated interim financial statements of the Issuer in respect of the six months ended 30 June 2014 entitled "Improved result driven by sustainable strategy" dated 20 August 2014; and
- (e) The articles of association (*statuten*) of the Issuer (the **Articles of Association**).

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference. Furthermore, this Prospectus and all of the documents which are deemed to be incorporated herein by reference will be available on the website of the Issuer: www.asr.nl. Written or oral requests for such documents should be directed to the Issuer at its office set out at the end of this Prospectus. In addition, such documents will be available free of charge from the office of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Croeselaan 18, 3521 CB Utrecht, The Netherlands (the **Amsterdam Listing Agent**).

OVERVIEW OF PRINCIPAL FEATURES OF THE NOTES

The following overview refers to certain provisions of the Terms and Conditions and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms which are defined in the Terms and Conditions have the same meaning when used in this overview. References to numbered Conditions are to the Terms and Conditions as set out under *Terms and Conditions of the Notes*.

Issuer	ASR Nederland N.V.
Issue	€500,000,000 Fixed to Fixed Rate Undated Subordinated Notes.
Issue Date	30 September 2014.
No Fixed Maturity Date	The Notes are perpetual and have no fixed maturity date.
First Call Date	30 September 2024.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of the Notes. These are set out under " <i>Risk Factors</i> ".
Status and Subordination	The Notes and the Coupons rank <i>pari passu</i> and without any preference among themselves and constitute direct, unconditional, unsecured and subordinated obligations of the Issuer, ranking (a) junior to the claims of all Senior Creditors of the Issuer and (b) in priority to claims in respect of (i) any Equity Securities and (ii) any Junior Obligations.
Interest	Subject to Condition 3.7, the Notes will bear interest (i) from (and including) 30 September 2014 (the Issue Date) to (but excluding) 30 September 2024 (the First Call Date), at a fixed rate of 5.00 per cent. per annum, payable annually in arrear on 30 September in each year (each an Interest Payment Date), commencing on 30 September 2015 and (ii) from (and including) the First Call Date at a reset rate per annum calculated once every five years on the basis of the mid swap rates for euro swap transactions with a maturity of five years plus a margin of 4.95 per cent., payable annually in arrear on each Interest Payment Date.
Deferral of Interest	<p>On any Optional Interest Payment Date, the Issuer may elect to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.</p> <p>On any Mandatory Interest Deferral Date, the Issuer will be obliged to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment.</p>

Any interest not paid on an Optional Interest Payment Date or a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.7, together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute **Arrears of Interest** and shall be payable in accordance with Condition 3.7(iii).

Each amount of Arrears of Interest shall bear interest as if it constituted part of the principal amount of the Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes and the amount of such interest (the **Additional Interest Amount**) with respect to Arrears of Interest shall be due and payable in accordance with Condition 3.7(iii) and shall be calculated by the Calculation Agent applying the relevant Rate of Interest to the amount of the Arrears of Interest. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, to the extent permitted by applicable law and for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date as if such amount constituted Arrears of Interest.

Optional Early Redemption

The Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, and subject to having given prior notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption on the First Call Date or on any Interest Payment Date falling thereafter.

Optional Early Redemption following a Gross-Up Event

If at any time, by reason of a change in any Dutch law or regulation, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, and subject to having given prior notice to the Fiscal Agent and the Noteholders redeem the Notes in whole, but not in part, at any time on or after 30 September 2019, at their principal amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption, provided that the due date for redemption shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding for Dutch taxes.

Optional Early Redemption in case of Tax Deductibility Event

If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in Dutch law or regulation, or any change in the official application or interpretation of such law, becoming effective on or after the Issue Date, payments of interest payable by the Issuer in respect of the Notes would no longer be deductible in whole or in part, and that this cannot be avoided by the Issuer taking reasonable measures available to it at the time, the Issuer may, subject to the Prior

Approval of the Relevant Supervisory Authority, and subject to having given prior notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part, at any time on or after 30 September 2019 at their principal amount together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption, provided that redemption will not take place before the latest practicable date on which the Issuer could make such payment with the interest payable being tax deductible in the Netherlands.

**Optional Early
Redemption for
Regulatory Reasons**

If at any time, the Issuer determines that a Regulatory Event has occurred with respect to the Notes on or after the Issue Date, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, and subject to having given prior notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part, at any time on or after 30 September 2019 at their principal amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption.

Regulatory Event means that, on or after the Issue Date, (i) the Issuer is subject to consolidated regulatory supervision by the Relevant Supervisory Authority and (ii) as a result of any change in the Applicable Regulations (or an official application or interpretation of those rules and regulations) on or after the Issue Date, the Issuer is not permitted under the Applicable Regulations (or an official application or interpretation of those rules and regulations) at any time whilst any of the Notes are outstanding to treat the full 100 per cent. of the proceeds of such Notes as at least Tier 2 Capital of the Issuer, except as a result of the application of the limits on inclusion of such securities.

**Exchange or Variation for
Regulatory Reasons**

If at any time the Issuer determines that a Regulatory Event has occurred with respect to the Notes on or after the Issue Date, the Issuer may, instead of redeeming the Notes in the manner described above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for new notes (the **Exchanged Notes**), or (ii) vary the terms of all but not some only of the Notes (the **Varied Notes**), so that in either case the aggregate nominal amount of the Exchanged Notes or Varied Notes (as the case may be) is treated under the then Applicable Regulations as at least Tier 2 Capital of the Issuer.

Any such exchange or variation is subject to certain specified conditions (including the Prior Approval of the Relevant Supervisory Authority), shall be binding on the Noteholders and shall be notified to them as soon as practicable thereafter.

**Optional Early
Redemption for Rating
Reasons**

If at any time, the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, and subject to having given prior notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part, at any time on or after 30 September 2019 at their principal amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to

the date fixed for redemption.

Rating Methodology Event will be deemed to occur upon a change in, or clarification to, the methodology of any Rating Agency (or in the interpretation by the relevant Rating Agency of such methodology) on or after the Issue Date as a result of which the equity content previously assigned by such Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by such Rating Agency at or around the Issue Date.

Rating Agency means Standard & Poor's Credit Market Services Europe Limited or any successor.

Exchange or Variation for Rating Reasons

If at any time, the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes, the Issuer may, instead of redeeming the Notes in the manner described above, on any Interest Payment Date, without the consent of Noteholders, (i) exchange all but not some only of the Notes for Exchanged Notes, or (ii) vary the terms of all but not some only of the Notes, so that in either case the equity content assigned by the Rating Agency to the Exchanged Notes or Varied Notes (as the case may be) is at least the same as the equity content assigned to the Notes by such Rating Agency at the Issue Date.

Any such exchange or variation is subject to certain specified conditions (including the Prior Approval of the Relevant Supervisory Authority), shall be binding on the Noteholders and shall be notified to them as soon as practicable thereafter.

Conditions to Optional Early Redemption

The Notes may not be redeemed pursuant to any of the optional early redemption provisions referred to above if (i) a Regulatory Deficiency Event has occurred and is continuing on the redemption date or (ii) such redemption would itself cause a Regulatory Deficiency Event.

If at any time it is permitted under the then Applicable Regulations to call the Notes prior to 30 September 2019 following the occurrence of a Gross-Up Event, a Tax Deductibility Event, a Regulatory Event or a Rating Methodology Event, the Issuer will on the occurrence of any such event have the right at any time to call the Notes at their principal amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption, subject to the Prior Approval of the Relevant Supervisory Authority.

Deferral of Redemption Date

Noteholders will be notified if redemption of the Notes shall be deferred as a result of the occurrence of a Regulatory Deficiency Event or if such redemption would cause a Regulatory Deficiency Event to occur.

If redemption of the Notes does not occur on the date specified in any notice of redemption by the Issuer, the Issuer shall redeem such Notes at their principal amount together with any Arrears of Interest, any Additional Interest Amounts and any other accrued and unpaid

interest, upon the earliest of:

- (i) the date falling 10 Business Days after the date the Regulatory Deficiency Event has ceased or would no longer be caused by such redemption (unless on such 10th Business Day a further Regulatory Deficiency Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Event occurring); or
- (ii) the date falling 10 Business Days after the Relevant Supervisory Authority has agreed to the repayment or redemption of the Notes; or
- (iii) the date on which the liquidation (as described in Condition 8) of the Issuer occurs.

Purchase of Notes by the Issuer

The Issuer or any of its affiliated entities may at any time, subject to the Prior Approval of the Relevant Supervisory Authority, purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in the open market or otherwise at any price. Notes, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, so purchased by the Issuer or any of its affiliated entities may be held, resold or surrendered for cancellation.

Enforcement events

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon) in the case of the liquidation of the Issuer.

Liquidation may occur as a result of the winding-up of the Issuer (*ontbinding en vereffening*), bankruptcy (*faillissement*) of the Issuer, the suspension of payments (*surseance van betaling*) being applied to the Issuer or emergency regulations (*noodregeling*) in either case if that constitutes a liquidation.

Meetings of Noteholders

Condition 9 contains provisions for calling meetings of Noteholders to consider matters affecting their interests. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Form

The Notes will initially be represented by a Temporary Global Note, without interest coupons, which will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable for interests in a Permanent Global Note upon certification as to non-US beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances. See *Summary of Provisions relating to the Notes while in Global Form*.

Denomination

The Notes will be issued in the denomination of €100,000 and integral

multiples of €1,000 in excess thereof, up to and including €199,000.

Listing	Euronext Amsterdam.
Ratings	<p>The Notes are expected to be assigned on issue a rating of BBB- by S&P.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of a credit rating assigned to the Issuer may adversely affect the market price of the Notes.</p>
Governing Law	The Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes and the Coupons are governed by and shall be construed in accordance with the laws of the Netherlands.
Use of Proceeds	The Notes are issued in order to strengthen the quality of the Issuer's capital and the net proceeds from the Notes will be applied by the Issuer for its general corporate purposes, including the redemption of existing indebtedness.
ISIN	XS1115800655.
Common Code	111580065.
Selling Restrictions	There are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the United Kingdom, see <i>Subscription and Sale</i> .

TERMS AND CONDITIONS OF NOTES

The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The €500,000,000 Fixed to Fixed Rate Undated Subordinated Notes of ASR Nederland N.V. (the **Issuer**) are issued subject to and have the benefit of an agency agreement dated 30 September 2014 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer and Deutsche Bank AG, London Branch as fiscal agent and paying agent (the **Fiscal Agent**) and as calculation agent (the **Calculation Agent**) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the **Paying Agents**).

The statements in these terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively) at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

References in these Conditions to **euro** or **€** shall mean the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Communities, as amended.

These Conditions may only be amended if the Issuer has obtained Prior Approval of the Relevant Supervisory Authority (as defined herein) and of the Noteholders and the Couponholders in accordance with the provisions for meetings of Noteholders scheduled to the Agency Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000 each with Coupons attached on issue.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2. STATUS OF THE NOTES

The Notes and the Coupons rank *pari passu* and without any preference among themselves and constitute direct, unconditional, unsecured and subordinated obligations of the Issuer,

ranking (a) junior to the claims of all Senior Creditors of the Issuer and (b) in priority to claims in respect of (i) any Equity Securities and (ii) any Junior Obligations.

In the event of the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling* or *noodregeling*, as applicable)) or dissolution (*ontbinding*) or liquidation (*vereffening*) of the Issuer the payment obligations of the Issuer under the Notes shall rank in right of payment after the claims of all Senior Creditors of the Issuer and payment to Noteholders or Couponholders may only be made and any set-off by Noteholders or Couponholders shall be excluded until all obligations of the Issuer in respect of such Senior Creditors have been satisfied, but, as the case may be, in priority to claims in respect of (i) any Equity Securities and (ii) any Junior Obligations.

Equity Securities means any existing and future classes of share capital of the Issuer.

Junior Obligations means any present and future security or obligation which counts on issue as Tier 1 Capital of the Issuer and any other securities or obligations of the Issuer that rank or are expressed to rank equally and rateably with Tier 1 Capital of the Issuer, including, but not limited to, the Floating Rate Perpetual Capital Securities issued by the Issuer on 10 August 2009 and guaranteed by ASR Levensverzekering N.V. (ISIN: NL0009213529), the Fixed Rate Perpetual Capital Securities issued by the Issuer on 10 August 2009 and guaranteed by ASR Levensverzekering N.V. (ISIN: NL0009213537), the Step-Up Fixed-Floating Perpetual Capital Securities issued by the Issuer on 10 August 2009 and guaranteed by ASR Levensverzekering N.V. (ISIN: NL0009213545) and the Non Step-Up Fixed Perpetual Capital Securities issued by the Issuer on 10 August 2009 and guaranteed by ASR Levensverzekering N.V. (ISIN: NL0009213552) (in each case whether or not such securities count as Tier 1 Capital at the time).

Relevant Supervisory Authority means any regulator or other authority from time to time having primary supervisory authority with respect to prudential matters in relation to the Issuer. As at the Issue Date, the Relevant Supervisory Authority is the Dutch Central Bank (*De Nederlandsche Bank N.V.* or DNB).

Senior Creditors means present and future creditors of the Issuer (a) who are unsubordinated creditors of the Issuer or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer, other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders.

Tier 1 Capital has the meaning given by the Relevant Supervisory Authority from time to time.

3. INTEREST

3.1 General

Subject to Condition 3.7, the Notes shall bear interest on their principal amount from (and including) the Issue Date, to (but excluding) the First Call Date, at a fixed rate of 5.00 per cent. per annum (the **Initial Interest Rate**), payable annually in arrear on 30 September in each year (each an **Interest Payment Date**), commencing on 30 September 2015 until (and including) the First Call Date.

In respect of each successive five-year period from (and including) the First Call Date, the first five-year period commencing on (and including) the First Call Date and ending on (but

excluding) the fifth anniversary thereof (each a **Relevant Five-Year Period**), subject to Condition 3.7, the Notes shall bear interest on their principal amount at a reset rate per annum as is equal to the sum of the Relevant Five-Year Reset Rate plus a margin of 4.95 per cent. (the **Margin**), as determined by the Calculation Agent on each Reset Rate Determination Date (the **Reset Rate**), payable annually in arrear on each Interest Payment Date, commencing on 30 September 2025.

For the purpose hereof:

Business Day means any day (other than a Saturday or a Sunday) which is a TARGET 2 Settlement Day.

First Call Date means the Interest Payment Date falling on 30 September 2024.

Issue Date means 30 September 2014.

Rate of Interest means the Initial Interest Rate or the Reset Rate.

Relevant Five-Year Reset Rate means the mid swap rate for euro swap transactions with a maturity of five years displayed on Bloomberg page “ISDAFIX1” (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at or around 11.00 a.m. (Central European Time) on the Reset Rate Determination Date. If such mid swap rate does not appear on that page, the Relevant Five-Year Reset Rate shall instead be equal to the arithmetic mean (expressed as a percentage and rounded, if necessary, to the nearest 0.0001 per cent. (0.00005 per cent. being rounded upwards)) of the quotations provided by the principal office of each of four major banks in the euro swap market of the rates at which swaps in euro are offered by it at approximately 11.00 a.m. (Central European Time) on the Reset Rate Determination Date to participants in the euro swap market for a five-year period all as determined by the Calculation Agent;

Reset Date means the First Call Date and the first day of each Relevant Five-Year Period thereafter.

Reset Rate Determination Date means, in respect of the first Relevant Five-Year Period, the second Business Day prior to the First Call Date and, in respect of each Relevant Five-Year Period thereafter, the second Business Day prior to the first day of each such Relevant Five-Year Period.

TARGET 2 Settlement Day means any day on which the TARGET 2 System is operating.

TARGET 2 System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

3.2 Interest Accrual

The Notes will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Notes is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Notes will continue to bear interest at the relevant Rate of Interest as specified in this Condition 3 on their remaining unpaid amount until the day on which all sums due in respect of the Notes up to that day are received by or on behalf of the relevant Noteholders.

3.3 Interest Amount

The amount of interest payable on each Note on each Interest Payment Date (the **Interest Amount**) will be the product of the principal amount of such Note and the relevant Rate of Interest, multiplied by the Day Count Fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

Accrual Period means the period from and including an Interest Payment Date (or the Issue Date as the case may be) to but excluding the next Interest Payment Date.

Day Count Fraction means (i) in respect of an Interest Amount payable on a scheduled Interest Payment Date, one; and (ii) in respect of an Interest Amount payable other than on a scheduled Interest Payment Date, the number of days in the relevant period from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Accrual Period in which the relevant period falls (including the first such day but excluding the last).

3.4 Publication of Reset Rate and Interest Amount

The Calculation Agent shall cause the Reset Rate and the Interest Amount for each Relevant Five-Year Period to be notified to the Issuer, the Fiscal Agent (if different from the Calculation Agent) and each other Paying Agent (if any), to any stock exchange on which the Notes are at the relevant time listed and to the Noteholders as soon as possible after their determination, but in no event later than the commencement of the Relevant Five-Year Period, in the case of notification to such stock exchange of a Reset Rate and Interest Amount.

3.5 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

3.6 Calculation Agent

The Agency Agreement provides that the Issuer may at any time terminate the appointment of the Calculation Agent and appoint a substitute Calculation Agent provided that so long as any of the Notes remain outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Reset Rate and the Interest Amount for any Accrual Period, the Issuer shall appoint the European office of another leading bank engaged in the euro-zone or London interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

Notice of any change of Calculation Agent or any change of specified office shall be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 and, so long as the Notes are listed on Euronext in Amsterdam, and if the rules applicable to such stock exchange so require, to such stock exchange.

3.7 Interest Deferral

(i) *Optional Interest Payment Dates*

On any Optional Interest Payment Date (as defined below), the Issuer may elect, by notice to (x) the Noteholders in accordance with Condition 10 and (y) the Fiscal Agent pursuant to sub-paragraph (v) below, to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest not paid on an Optional Interest Payment Date and deferred in accordance with this paragraph, together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute **Arrears of Interest** and shall be payable in accordance with Condition 3.7(iii).

(ii) *Mandatory Interest Deferral Dates*

On any Mandatory Interest Deferral Date (as defined below), the Issuer will be obliged, by notice to (x) the Noteholders in accordance with Condition 10 and (y) the Fiscal Agent pursuant to sub-paragraph (v) below, to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment.

Any interest not paid on a Mandatory Interest Deferral Date and deferred in accordance with this paragraph shall so long as the same remains outstanding constitute Arrears of Interest and shall be payable in accordance with Condition 3.7(iii).

(iii) *Arrears of Interest*

Arrears of Interest (together with the corresponding Additional Interest Amount) may at the option of the Issuer, subject to the Prior Approval of the Relevant Supervisory Authority in respect of Interest Amounts which were mandatorily deferred by the Issuer following the occurrence of a Regulatory Deficiency Event, be paid in whole or (in accordance with sub-paragraph (v) below) in part at any time upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Noteholders in accordance with Condition 10 and to the Fiscal Agent, but all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- (A) the next Interest Payment Date which is not a Mandatory Interest Deferral Date on which a payment of interest is made; or
- (B) the next Interest Payment Date which is a Compulsory Interest Payment Date; or
- (C) the date fixed for any redemption or purchase of the Notes in accordance with Condition 4 or Condition 8; or
- (D) the date on which an order is made or a resolution is passed for the liquidation (as described in Condition 8) of the Issuer (other than a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (i) have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders and (ii) do not provide that the Notes shall thereby become payable).

Each amount of Arrears of Interest shall bear interest as if it constituted part of the principal amount of the Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes and the amount of such interest (the **Additional Interest Amount**) with respect to Arrears of Interest shall be due and payable pursuant to this provision and shall be calculated by the Calculation Agent applying the relevant Rate of Interest to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions hereof. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, to the extent permitted by applicable law and for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date as if such amount constituted Arrears of Interest.

(iv) *Notice of Deferral*

The Issuer shall give notice not less than five (5) nor more than thirty (30) Business Days' prior to an Interest Payment Date to the Noteholders in accordance with Condition 10 and to the Fiscal Agent:

- (A) if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 3.7(i); and
- (B) if that Interest Payment Date is a Mandatory Interest Deferral Date and specifying that interest will not be paid because a Regulatory Deficiency Event has occurred and is continuing or would occur if payment of interest was made on the next Interest Payment Date, provided that if the Regulatory Deficiency Event occurs less than five (5) Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral as soon as practicable following the occurrence of such event and before such Mandatory Interest Deferral Date.

So long as the Notes are listed on the regulated market of Euronext in Amsterdam and the rules of such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange.

(v) *Partial Payment of Arrears of Interest and Additional Interest Amounts*

If amounts in respect of Arrears of Interest and Additional Interest Amounts are paid in part:

- (A) all unpaid Arrears of Interest shall be payable before any unpaid Additional Interest Amounts;
- (B) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
- (C) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note in respect of any period, shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued in respect of that period to the date of payment.

(vi) *Definitions*

In this Condition 3.7 and for the purposes of the Conditions:

Applicable Regulations means any legislation, rules or regulations (whether having the force of law or otherwise) applying to the Issuer or any insurance or reinsurance undertaking within the Insurance Group from time to time relating to the characteristics, features or criteria of own funds or capital resources and the requirement to retain capital resources in excess of a prescribed capital resources requirement and, for the avoidance of doubt and without limitation to the foregoing, includes any legislation, rules or regulations relating to such matters which are supplementary or extraneous to the obligations imposed by Solvency I or the Solvency II Directive.

Compulsory Interest Payment Date means each Interest Payment Date (i) in respect of which during the period of twelve months ending on such Interest Payment Date a Compulsory Interest Payment Event has occurred and (ii) which is not a Mandatory Interest Deferral Date.

Compulsory Interest Payment Event means (i) a declaration by the general meeting of shareholders of the Issuer, or a payment, of a dividend or distribution in any form on any Equity Securities or (ii) the Issuer purchases or otherwise acquires any Equity Securities (other than any Equity Securities purchased or otherwise acquired by the Issuer in the context of any equity derivative hedge structure or transaction, under any hedging of stock options programme or any other compensation benefit programme, if any, in connection with financial restructuring, mergers or acquisitions, split-offs, divestments or alike corporate transactions).

Insurance Group means the Issuer and its subsidiaries.

Mandatory Interest Deferral Date means each Interest Payment Date in respect of which the Noteholders and the Fiscal Agent have received written notice from the Issuer pursuant to Condition 3.7(iv) confirming that (i) a Regulatory Deficiency Event has occurred and such Regulatory Deficiency Event is continuing on such Interest Payment Date or (ii) the payment of such interest would in itself cause a Regulatory Deficiency Event to occur.

Optional Interest Payment Date means any Interest Payment Date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date.

Prior Approval of the Relevant Supervisory Authority means in respect of any proposed act on the part of the Issuer, the prior written approval or consent of, or notification to the Relevant Supervisory Authority, if such approval, notification or consent is required at the time under any Applicable Regulations or an official application or interpretation thereof.

Regulatory Deficiency Event means:

- (i) before the implementation of the Solvency II Directive, the solvency margin of the Issuer, the Insurance Group or any member of the Insurance Group falls below the minimum level of the required solvency margin, additional solvency margin or any other capital adequacy levels as applicable under Applicable Regulations (or an official application or interpretation of those regulations) and a deferral of interest and/or a suspension of payment of principal is required under the Applicable Regulations; or
- (ii) following the implementation of the Solvency II Directive, the solvency margin (or the equivalent terminology employed by the then Applicable Regulations) of the Issuer, the Insurance Group or any member of the Insurance Group is insufficient to cover its Solvency Capital Requirement (or the equivalent terminology employed by the then Applicable Regulations) and a deferral of interest and/or a suspension of payment of principal is required under the then Applicable Regulations (or an official

application or interpretation of those regulations) (on the basis that the Notes are intended to qualify as at least Tier 2 Capital under the Solvency II Directive or Applicable Regulations without the operation of any grandfathering provisions).

Solvency I means the directives adopted by the Parliament and Council of the European Union relating to the taking-up and pursuit of insurance business within the European Union (excluding the Solvency II Directive) and including, without limitation, Directive 73/239/EEC of the European Union (as amended) and Directive 98/78/EC of the European Union (as amended) on the supplementary supervision of insurance undertakings in an insurance group.

Solvency II Directive means Directive 2009/138/EC of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) including, where applicable, the implementing measures thereunder, as the same may be amended from time to time.

Solvency Capital Requirement means the Solvency Capital Requirement or the group Solvency Capital Requirement referred to in, or any other capital requirement howsoever described in, Solvency II or the Applicable Regulations.

Tier 2 Capital has the meaning given by the Relevant Supervisory Authority from time to time.

4. REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition.

4.1 No fixed maturity

The Notes are perpetual and have no fixed maturity or redemption date and may only be redeemed at the option of the Issuer in accordance with the provisions below.

4.2 Optional Early Redemption as from First Call Date

The Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and subject to having given not more than 45 nor less than 30 days' prior notice to the Fiscal Agent and, in accordance with Condition 10, the Noteholders (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption on the First Call Date or on any Interest Payment Date falling thereafter.

4.3 Optional Early Redemption for Taxation Reasons

- (1) If at any time, by reason of a change in any Dutch law or regulation, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts as specified in Condition 6 (a **Gross-Up Event**), the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and subject to having given not more than 45 nor less than 30 days' prior notice to the Fiscal Agent and, in accordance with Condition 10, the Noteholders (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at any time on or after 30 September 2019, at their principal amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed

for redemption, provided that the due date for redemption shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding for Dutch taxes.

- (2) If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in Dutch law or regulation, or any change in the official application or interpretation of such law, becoming effective on or after the Issue Date, payments of interest payable by the Issuer in respect of the Notes would no longer be deductible in whole or in part (a **Tax Deductibility Event**), and that this cannot be avoided by the Issuer taking reasonable measures available to it at the time, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and subject to having given not more than 45 nor less than 30 days' prior notice to the Fiscal Agent and, in accordance with Condition 10, the Noteholders (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at any time on or after 30 September 2019, at their principal amount together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption, provided that redemption will not take place before the latest practicable date on which the Issuer could make such payment with the interest payable being tax deductible in the Netherlands.

4.4 Optional Early Redemption for Regulatory Reasons

If at any time the Issuer determines that a Regulatory Event has occurred with respect to the Notes on or after the Issue Date, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and subject to having given not more than 45 nor less than 30 days' prior notice to Fiscal Agent and, in accordance with Condition 10, the Noteholders (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at any time on or after 30 September 2019, at their principal amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption.

For the purpose of this Condition 4.4 and Condition 4.5 below, **Regulatory Event** means that, on or after the Issue Date, (i) the Issuer is subject to consolidated regulatory supervision by the Relevant Supervisory Authority and (ii) as a result of any change in the Applicable Regulations (or an official application or interpretation of those rules and regulations) on or after the Issue Date, the Issuer is not permitted under the Applicable Regulations (or an official application or interpretation of those rules and regulations) at any time whilst any of the Notes are outstanding to treat the full 100 per cent. of the proceeds of such Notes as at least Tier 2 Capital of the Issuer, except as a result of the application of the limits on inclusion of such securities.

4.5 Exchange or Variation for Regulatory Reasons

If at any time the Issuer determines that a Regulatory Event has occurred with respect to the Notes on or after the Issue Date, the Issuer may, instead of redeeming the Notes in accordance with Condition 4.4 above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for new notes (the **Exchanged Notes**), or (ii) vary the terms of all but not some only of the Notes (the **Varied Notes**), so that in either case the aggregate nominal amount of the Exchanged Notes or Varied Notes (as the case may be) is treated under the then Applicable Regulations as at least Tier 2 Capital of the Issuer. Any such exchange or variation following the occurrence of a Regulatory Event is subject to the following conditions:

- (i) the Issuer giving not less than 30 nor more than 45 days' notice to the Fiscal Agent and, in accordance with Condition 10, the Noteholders;

- (ii) the Prior Approval of the Relevant Supervisory Authority;
- (iii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith;
- (iv) the terms of the exchange or variation not being prejudicial to the interests of the Noteholders as certified to the benefit of the Noteholders by a director of the Issuer and by a representative of each of two independent investment banks of international standing (for the avoidance of doubt the Fiscal Agent shall accept the certificates of the Issuer and investment banks as sufficient evidence of the occurrence of a Regulatory Event and that such exchange or variation to the terms of the Notes (as the case may be) are not prejudicial to the interest of the Noteholders); and
- (v) the issue of legal opinions addressed to the Fiscal Agent for the benefit of the Noteholders from one or more international law firms of good reputation in the reasonable opinion of the Issuer confirming (x) that the Issuer has capacity to assume all rights and obligations under the Exchanged Notes or Varied Notes and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Notes or Varied Notes (as the case may be).

Any such exchange or variation shall be binding on the Noteholders and shall be notified to them in accordance with Condition 10 as soon as practicable thereafter.

In the case of Notes exchanged in accordance with this Condition 4.5, Arrears of Interest (together with any Additional Interest Amount) accrued on the Notes originally issued will be paid by the Issuer pursuant to the conditions of such exchanged Notes.

4.6 Optional Early Redemption for Rating Reasons

If at any time, the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and subject to having given not more than 45 nor less than 30 days' prior notice to the Fiscal Agent and, in accordance with Condition 10, the Noteholders, redeem the Notes in whole, but not in part, at any time on or after 30 September 2019, at their principal amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption. This Condition 4.6 shall, however, be deemed not to apply in circumstances where its existence would give rise to a Regulatory Event.

For the purpose of this Condition 4.6 and Condition 4.7 below:

Rating Methodology Event will be deemed to occur upon a change in, or clarification to, the methodology of any Rating Agency (as defined below) (or in the interpretation by the relevant Rating Agency of such methodology) on or after the Issue Date as a result of which the equity content previously assigned by such Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by such Rating Agency at or around the Issue Date.

Rating Agency means Standard & Poor's Credit Market Services Europe Limited or any successor.

4.7 Exchange or Variation for Rating Reasons

If at any time, the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes, the Issuer may, instead of redeeming the Notes in accordance with Condition 4.6 above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for Exchanged Notes, or (ii) vary the terms of all but not some only of the Notes, so that in either case the equity content assigned by the Rating Agency to the Exchanged Notes or Varied Notes (as the case may be) is at least the same as the equity content assigned to the Notes by such Rating Agency at the Issue Date. Any such exchange or variation is subject to the same conditions as in Condition 4.5 (with references to "Regulatory Event" read as references to "Rating Methodology Event") which shall apply *mutatis mutandis*.

In the case of Notes exchanged in accordance with this Condition 4.7, Arrears of Interest (together with any Additional Interest Amount) accrued on the Notes originally issued will be paid by the Issuer pursuant to the conditions of such exchanged Notes.

4.8 Purchases

The Issuer or any of its affiliated entities may at any time, subject to the Prior Approval of the Relevant Supervisory Authority, purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in the open market or otherwise at any price. Notes, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, so purchased by the Issuer or any of its affiliated entities may be held, resold or surrendered for cancellation.

4.9 Conditions to Redemption

The Notes may not be redeemed pursuant to Conditions 4.2, 4.3, 4.4 and 4.6 if (i) a Regulatory Deficiency Event has occurred and is continuing on the redemption date or (ii) such redemption would itself cause a Regulatory Deficiency Event.

If at any time it is permitted under the then Applicable Regulations to call the Notes prior to 30 September 2019 following the occurrence of a Gross-Up Event, a Tax Deductibility Event, a Regulatory Event or a Rating Methodology Event, the Issuer will on the occurrence of any such event have the right at any time to call the Notes at their principal amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption, subject to the Prior Approval of the Relevant Supervisory Authority.

4.10 Deferral of Redemption Date

The Issuer shall notify the Noteholders in accordance with Condition 10 and the Fiscal Agent no later than 5 Business Days prior to any date set for redemption of the Notes under Condition 4.2, 4.3, 4.4 or 4.6 if such redemption is to be deferred as a result of the occurrence of a Regulatory Deficiency Event or if such redemption would cause a Regulatory Deficiency Event to occur. If a Regulatory Deficiency Event occurs less than 5 Business Days prior to the date set for redemption, the Issuer shall give notice of such deferral to the Fiscal Agent and, in accordance with Condition 10, the Noteholders as soon as reasonably practicable following the occurrence of such event.

If redemption of the Notes does not occur on the date specified in the notice of redemption by the Issuer under Condition 4.2, 4.3, 4.4 or 4.6 as contemplated by this Condition 4.10, the Issuer shall redeem such Notes at their principal amount together with any Arrears of Interest,

any Additional Interest Amounts and any other accrued and unpaid interest, upon the earliest of:

- (i) the date falling 10 Business Days after the date the Regulatory Deficiency Event has ceased or would no longer be caused by such redemption (unless on such 10th Business Day a further Regulatory Deficiency Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Event occurring, in which case the provisions of this Condition 4.10 will apply *mutatis mutandis* to determine the due date for redemption of the Notes); or
- (ii) the date falling 10 Business Days after the Relevant Supervisory Authority has agreed to the repayment or redemption of the Notes; or
- (iii) the date on which the liquidation (as described in Condition 8) of the Issuer occurs.

5. PAYMENTS

5.1 Method of Payment

- (a) Payments of principal in respect of the Notes will be made against presentation and surrender (or, in the case of partial payment only, endorsement) of the Note and payments of interest (including, for the avoidance of doubt, any Additional Interest Amounts) due on an Interest Payment Date will be made against presentation and surrender (or, in the case of partial payment only, endorsement) of the relevant Coupon, in each case at the specified office of any of the Paying Agents.

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

None of the Issuer, the Fiscal Agent, the Calculation Agent or the Paying Agents shall be liable to any Noteholder or other person for any commission, costs, losses or expenses in relation to, or resulting from, the credit or transfer of euro, or any currency conversion or rounding effect in connection with such payment being made in euro.

Each Note should be surrendered for redemption together with all matured Coupons relating to it, failing which the amount of any such missing matured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing matured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 5 years after the Relevant Date (as defined in Condition 6) for the relevant payment of principal. Upon the due date for redemption of any Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Note is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to (i) any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments to the Issuer or the relevant Paying Agent, but without prejudice to the provisions of Condition 6; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code,

any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

5.2 Payments on Business Days

If any due date for payment of principal, interest or other amounts in respect of any Note is not a Business Day, then the holder of such Note shall not be entitled to payment of the amount due until the next following Business Day and will not be entitled to any interest or other sums with respect to such postponed payment.

5.3 Fiscal Agent, Paying Agents and Calculation Agent

The names of the initial agents and their specified offices are set out below:

Fiscal Agent, Principal Paying Agent and Calculation Agent

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or a Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Paying Agent acts, provided that there will at all times be a Fiscal Agent and a Paying Agent having a specified office in a European city, a Calculation Agent and a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any such change or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 and, so long as the Notes are listed on Euronext in Amsterdam and if the rules of such stock exchange so require, to such stock exchange.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 10.

6. TAXATION

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Netherlands or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If applicable law should require that payments of principal or interest made by the Issuer in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by the Netherlands, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such

Additional Amounts shall be payable with respect to any Note or, as the case may be, Coupons:

- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Netherlands other than the mere holding of the Note or Coupon; or
- (ii) **Presentation more than 30 days after the Relevant Date:** presented for payment more than 30 days after the Relevant Date except to the extent that the Noteholder or Couponholder would have been entitled to such Additional Amounts on presenting it for payment on the last day of such period of thirty days; or
- (iii) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) **Payment by another Paying Agent:** presented for payment by or on behalf of a Noteholder or Couponholder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU.

As used in these Conditions, **Relevant Date** in respect of any Note or Coupon means the date on which payment in respect of it first becomes due and payable or (if any amount of the money payable is improperly withheld or refused) the date on which the full amount of monies payable on such date in respect of such Note is paid to the Fiscal Agent.

Any reference in these Conditions to principal and/or interest shall be deemed to include any Additional Amounts.

7. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes and Coupons shall become prescribed 5 years from the due date for payment thereof.

8. ENFORCEMENT EVENTS

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon) in the case of the liquidation of the Issuer. Liquidation may occur as a result of the winding-up of the Issuer (*ontbinding en vereffening*), bankruptcy (*faillissement*) of the Issuer, the suspension of payments (*surseance van betaling*) being applied to the Issuer or emergency regulations (*noodregeling*) in either case if that constitutes a liquidation.

9. MEETINGS OF NOTEHOLDERS AND MODIFICATION

(a) *Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary

Resolution (as defined in the Agency Agreement) of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes, among other things, the modification of certain of these Conditions the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

(b) *Modification*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of, or any failure to comply with, the Agency Agreement if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

The Agency Agreement or these Conditions may be amended by the Issuer and the Fiscal Agent, without the consent of any Paying Agent, Calculation Agent or Noteholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein and which does not adversely affect the interests of the Noteholders.

10. NOTICES

- (a) Notices to Noteholders will be valid if published in the English language in a leading newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*). So long as the Notes are listed and admitted to trading on Euronext in Amsterdam and the rules of such regulated market so require, notices shall also be published through a press release which will also be made available on the website of the Issuer (www.asr.nl).
- (b) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

11. REPLACEMENT OF NOTES OR COUPONS

Should a Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable law, at the specified office of the Fiscal Agent on payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity and otherwise as the Issuer and/or the Fiscal Agent may reasonably require. All costs arising in connection therewith may be charged to the claimant. The mutilated or defaced Note or Coupon must be surrendered before replacements will be issued.

12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

13. GOVERNING LAW AND JURISDICTION

The Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes and the Coupons are governed by the laws of the Netherlands.

The Courts of the Netherlands are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes and the Coupons, and accordingly any legal action or proceedings arising out of or in connection with the Agency Agreement, the Notes and the Coupons may be brought in such courts.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Agency Agreement, the Temporary Global Note and the Permanent Global Note contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

1 Exchange

The Temporary Global Note is exchangeable in whole or in part for interests in the Permanent Global Note on or after a date which is expected to be 10 November 2014, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The Permanent Global Note is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Notes described below (i) if the Permanent Global Note is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of any Notes is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange the Permanent Global Note for Definitive Notes on or after the Exchange Date (as defined below) specified in the notice.

If principal in respect of any Notes is not paid when due and payable, the holder of the Permanent Global Note may, by notice to the Fiscal Agent, require the exchange of a specified principal amount of the Permanent Global Note (which may be equal to or (provided that, if the Permanent Global Note is held by or on behalf of a clearing system, that clearing system agrees) less than the outstanding principal amount of Notes represented thereby) for Definitive Notes on or after the Exchange Date specified in such notice.

On or after any Exchange Date, the holder of the Permanent Global Note may surrender the Permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note, or on endorsement in respect of the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Agency Agreement. On exchange in full of the Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Notes.

Exchange Date means a day falling not less than 60 days or, in the case of exchange pursuant to (ii) above, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

2 Payments

No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made against presentation and, if no further payment falls to be made in respect of the Notes, surrender of the Permanent Global Note to, or to the order of, the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate

schedule to the Permanent Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. No payment will be made on the Permanent Global Note (or such part which is required to be exchanged) falling due after any Exchange Date, unless the exchange for Definitive Notes is improperly withheld or refused or the Issuer does not perform or comply with its obligations under any Definitive Note. Condition 6(iii) will apply to the Definitive Notes only.

3 Notices

So long as the Notes are represented by a Global Note and the Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

4 Prescription

Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Note will become void unless it is presented for payment within a period of 5 years (in the case of principal and interest) from the appropriate date referred to in Condition 7.

5 Meetings

The holder of a Global Note shall (unless such Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each EUR1,000 in principal amount of Notes.

6 Purchase and Cancellation

Cancellation of any Note represented by a Global Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of such Global Note.

7 Electronic Consent and Written Resolution

While any Global Note is held on behalf of a relevant Clearing System, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding (an **Electronic Consent** as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Note or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that

such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, **commercially reasonable evidence** includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The Notes are issued in order to strengthen the quality of the Issuer's capital and the net proceeds from the Notes will be applied by the Issuer for its general corporate purposes, including the redemption of existing indebtedness.

ASR NEDERLAND N.V.

General

ASR Nederland N.V. (the **Issuer** or **a.s.r.**) was incorporated on 15 November 1983. All outstanding shares in the capital of the Issuer are held by NL financial investments (**NLFI**, *Stichting administratiekantoor beheer financiële instellingen*). The rights of the shareholder are contained in the Issuer's articles of association. The Issuer is a public company with limited liability (*naamloze vennootschap*) incorporated under Dutch law. Its statutory seat is in Utrecht, the Netherlands. The Issuer is registered with the Chamber of Commerce and Industry under No. 30070695. The address of the Issuer is Archimedeslaan 10, 3584 BA Utrecht, the Netherlands, phone number +31 (0)30 2579111. The Issuer has also registered the following names as commercial names: ASR Nederland, AMEV Stad Rotterdam Verzekeringsgroep (ASR), ASR Verzekeringsgroep, a.s.r. and a.s.r. de nederlandse verzekeringmaatschappij voor alle verzekeringen.

The Issuer's statutory objects are described in article 3 of its articles of association. The objects of the Issuer are, *inter alia*, to participate in, finance, co-operate with, manage, provide advice and other services to, legal entities or other enterprises, in particular legal entities and other enterprises which are engaged in the insurance or banking business, in investments and/or other financial services.

The authorised share capital of the Issuer consists of 1,000,000 shares each of €500 in nominal value. The issued capital of the Issuer as at the date of this Prospectus amounts to €100,000,000 and is divided into 200,000 ordinary shares. All of the issued share capital of the Issuer has been fully paid up.

History of a.s.r.

The roots of a.s.r. can be traced back to the eighteenth century. In 1720, Stad Rotterdam was incorporated. Over the years a number of insurance companies joined Stad Rotterdam and formed ASR Verzekeringsgroep. Fortis, founded in 1990 by the Dutch insurer AMEV and Bank Group VSB, acquired ASR Verzekeringsgroep in 2000. After Fortis acquired the ASR Verzekeringsgroep, it merged ASR Verzekeringsgroep with its other insurance businesses to form Fortis ASR Verzekeringsgroep, which was later rebranded as Fortis Verzekeringen Nederland. On 3 October 2008, following financial difficulties of the Fortis Group and to prevent further disruption to the Dutch economy, the Dutch State acquired Fortis Verzekeringen Nederland N.V., which now operates as ASR Nederland N.V.

Business

Having generated €3.9 billion in gross insurance premiums in 2013, a.s.r. is one of the top four insurance companies in the Netherlands (measured by gross premiums) in the Non-Life and Life insurance segments excluding basic and supplementary health (source: based on regulatory filings).

a.s.r. is a composite insurer in the Dutch market and its core markets are Non-Life (Property and Casualty insurance, Occupational Disability and Health insurance) and Life (Individual-Life, Pensions and Funeral insurance). In addition to these core markets, a.s.r. focuses on:

- services in markets that, given their close connections to the activities in one of the core markets, are important to offer to customers, such as savings and investment, and mortgages; and
- markets with a specific distribution network and a relatively independent market dynamic, such as the travel and leisure market and the funeral market.

a.s.r. has divided its activities into three business segments: Non-Life, Life and Other.

Non-Life segment

The Non-Life segment comprises all types of Non-Life insurance policies that a.s.r. offers to consumers and business owners, both via intermediary and the direct channels:

- a.s.r. offers motor vehicle, fire, liability and other insurance policies.
- Europeesche Verzekeringen offers a variety of travel and leisure insurance products.
- De Amersfoortse offers occupational disability insurance, sick leave insurance, accident insurance, health insurance and occupational disability insurance products related to the Dutch Work and Income Act (Capacity for Work (*WIA*)). The range of health insurance products includes basic and supplementary policies, as well as various top-up modules. In addition, De Amersfoortse offers an integrated proposition for self-employed persons and employers, comprising health insurance, disability insurance and pension products.
- Ditzo offers health insurance as well as Non-Life insurance contracts through the direct distribution channel.

Life segment

The Life segment comprises all insurance policies that involve asset-building, asset reduction, asset protection, funeral expenses, and term life insurance for consumers and business owners. All operations in this segment are consolidated into ASR Levensverzekering N.V. a.s.r. products are offered under the a.s.r., De Amersfoortse and Ardanta labels. a.s.r. offers pension solutions to corporate customers, including average-pay schemes, defined contribution plans and defined benefit plans, as well as dependants' benefits shortfall insurance. The vast majority of these policies are distributed via the intermediary channel. Immediate annuities can be taken out online by clients at the expiration date.

Other segment

The Other segment comprises ASR Bank N.V., ASR Hypotheken B.V., ASR Vastgoed Ontwikkeling N.V., B.V. Nederlandse Hulpverleningsorganisatie-SOS International, Asam N.V., PoliService B.V., Het AssuradeurenHuys B.V., Solid Mortgages B.V. and a number of other holding companies:

- ASR Bank N.V. (Savings & Investments) is complementary to the insurance organisation, by offering bank savings and investment funds. The Bank offers savings products (**Banksparen**) as an alternative for clients with expiring life insurance policies.
- ASR Hypotheken B.V. (mortgage service centre) generates fee income by providing mid-office mortgage services primarily to support the Individual-Life product line in originating mortgages and is therefore a cost-centre. Mortgage origination also creates opportunities for cross-selling insurance products. Until the start of the 2014 financial year, ASR Hypotheken B.V. also provided services to external clients. The services were mainly provided to ABN AMRO, a relationship which originated from the time that a.s.r. was part of the Fortis group of companies. The transfer of the management of mortgage portfolios from the systems of a.s.r. to those of ABN AMRO was completed in April 2014, so the mid-office mortgage services provided by a.s.r. to ABN AMRO were terminated.
- ASR Vastgoed Ontwikkeling N.V. is a residential and land developer in the Netherlands, focusing on developing combined-use residential and retail spaces in complex urban environments.

- The B.V. Nederlandse Hulpverleningsorganisatie-SOS International emergency service offers round-the-clock assistance to policyholders, holiday makers, rental car drivers, account holders and senior citizens.
- Asam N.V. is an intermediary financing entity.
- PoliService B.V. and Het AssuradeurenHuys B.V. provide insurance portfolio services.
- In addition, at the end of the 2013 financial year, a.s.r. acquired Solid Mortgages B.V. with the aim of diversifying its mortgage product ranges.

Brand policy and distribution mix

a.s.r. employs a multi-brand, multi-channel strategy in order to position itself advantageously in different distribution channels and customer and pricing segments in the insurance market.

In addition to the a.s.r. brand, a.s.r. sells its services to the market under four other brands: De Amersfoortse, Ditzo, Europeesche Verzekeringen and Ardanta. The a.s.r. and De Amersfoortse brands are sold through intermediaries, Ditzo concentrates on direct online distribution, Europeesche Verzekeringen offers its products through the intermediary, travel and direct channels and Ardanta uses intermediary and direct distribution channels.

Intermediary Distribution

a.s.r. has traditionally held a strong position in the intermediary distribution channel, particularly amongst small- and medium-sized intermediaries that provide advice, management services and administrative support to self-employed professionals and SMEs. In the recent years, over 80% of the total premium of a.s.r. (excluding Health insurance) was written via the intermediary channel. a.s.r. believes that in the future, intermediaries will increasingly present themselves as customer advisers to provide added value to their customers. Therefore, strengthening a.s.r.'s position with larger and specialised intermediaries is important for growth in the commercial market (Non-Life, Occupational Disability and Pensions), which requires much greater focus on intermediaries by the Group's sales force and back-office.

Tied Agents

a.s.r. aims to maintain its strong position amongst tied agents in response to the bank distribution channel maintained by most major insurance companies. Most major banks offer insurance policies aimed at their retail and corporate customers. In the case of retail customers, these are often offered through the bank's 'preferred supplier', whereas for their corporate customers, banks need to have a more diverse offering.

Direct Distribution

Customers use a range of options to obtain information, make comparisons, obtain advice and make administrative changes with respect to insurance products. This means that the customer's direct relationship with a.s.r. is becoming more important, as is the relationship with the intermediary. a.s.r. is structuring its organisation and online access to respond to these developments. Customers are now increasingly aware of how roles are allocated between intermediaries and the insurer. The more complex products become, the greater the role played by advisory services.

In addition, as customers increasingly arrange more insurance and financial matters themselves, direct distribution accounts for a growing share of the insurance market. a.s.r. focuses on retail customers who wish to take out and manage insurance policies directly through its Ditzo distribution channel.

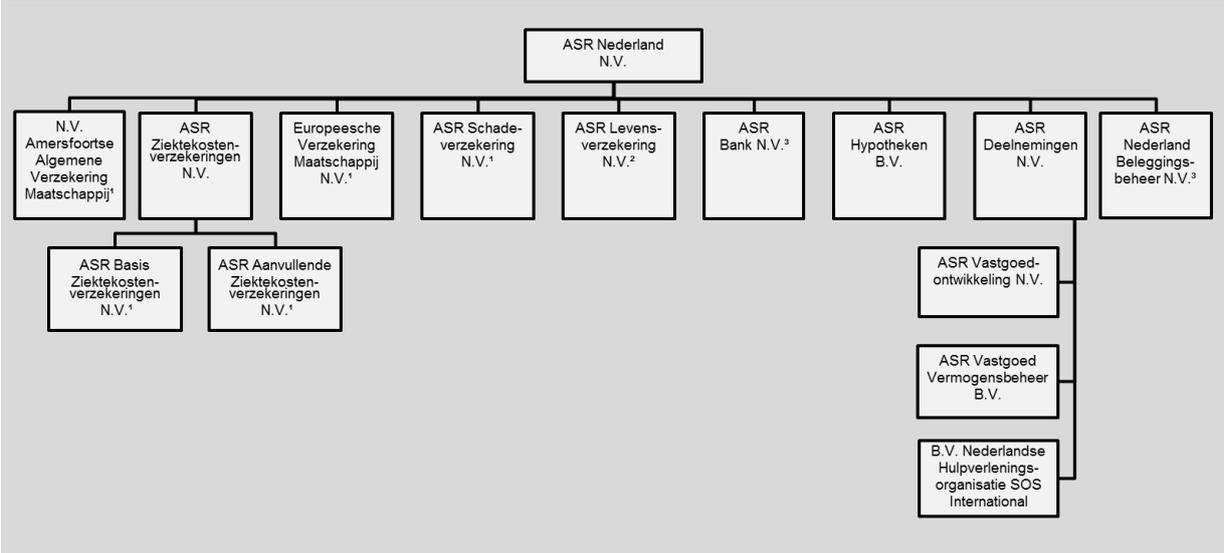
Customers can also take out immediate annuities online at the expiration date of their asset-building insurance policy.

Reinsurance

a.s.r. enters into reinsurance contracts to optimise insurance risks. Reinsurance may be put in place for a separate contract or for all or part of the portfolio. The level of retention in different reinsurance contracts is aligned to the size and the risk profile of the underlying portfolios. This includes taking into account the cost of reinsurance on the one hand and the risk that is retained on the other. Reinsurance companies are, amongst other factors, selected based on the management of the risk that the counterparty represents and by taking account of the cost of the reinsurance. To limit risk concentration, reinsurance contracts are placed with different reinsurance companies.

Group Structure

The Group comprises a number of operating and holding companies. The legal structure and segments of the most significant Group entities is as follows:



¹ Registered Non-Life insurance companies
² Registered Life insurance companies
³ Other Wft registered companies (included in segment Other)

Most of the Issuer's subsidiaries are qualified as insurance companies within the meaning of EU Insurance Business Directives (EU Directive 73/239/EC, as amended, for the Non-Life insurance business and EU Directive 2002/83/EC for the Life insurance business). Each of these subsidiaries is authorised by the Dutch Central Bank (DNB) to pursue the business of an insurance company in the Netherlands in accordance with the Financial Supervision Act (*Wet op het financieel toezicht*), and is supervised by DNB. In addition, these insurance companies are supervised by the AFM for the purpose of conduct of business supervision.

Relationship with the State of the Netherlands

Following the separation of the Fortis Group, the State of the Netherlands became the sole shareholder of a.s.r. on 3 October 2008. On 29 September 2011, the State of the Netherlands transferred all of the shares in a.s.r. to NLF in exchange for depositary receipts for those shares.

The State of the Netherlands wishes to restrict private institutions such as a.s.r. from using their relationship with the State of the Netherlands when competing with other financial institutions. The State of the Netherlands and a.s.r. have entered into a contractual arrangement to prevent such use (“competitive position statement”). Pursuant to this arrangement a.s.r. has committed not to obtain any inappropriate advantages during the temporary period during which the State of the Netherlands is its shareholder. This will, *inter alia*, be achieved by the commitment of a.s.r. not to pride itself on the fact of the State's position as a shareholder in the media and in contacts with third parties. Furthermore, a.s.r. will continue to try to distinguish itself from competing institutions through the level of its service and the quality of the financial products it offers to its clients.

STRATEGIC OBJECTIVES

a.s.r. has formulated its strategy based on three related pillars: creating value for customers and shareholders, solid financial framework, and cost control. By combining these three pillars, a.s.r.'s strategy focuses on realising sustainable and stable value creation and serving the interests of all stakeholders.

Creating value for customers and shareholders

a.s.r. considers creating value for customers and shareholders to be key to its strategy, so it seeks to ensure that all of the Group's activities are stress-tested bearing in mind this objective. For example, a.s.r. presents new products to customer panels, and customer feedback received is incorporated into the product development process. As also mentioned in the section *Risk Factors* in this Prospectus, the way a.s.r. has acted upon the implementation of alternative supplementary solutions for compensating unit-linked policyholders also shows the dedication of a.s.r. to its customers. In past years a.s.r. had a proactive response to its clients and a.s.r.'s approach to compensate the individual unit linked policies was adopted by the Ministry of Finance as best practice and this resulted in 10 best in class principles, also known as “*Flankerend beleid*”. Part of this approach is that customers were informed whether or not they had qualified for compensation right away rather than upon policy expiration. Compensation related to the past is paid out (or added to the policy) directly to the policyholders instead of at the expiry date. Additionally, an annual compensation payment, related to the future period of the policies, is added during the remaining years of the policy.

In general terms, customers typically indicate that they want transparent products, clear communications and personal service, so a.s.r. makes it a high priority to meet these demands. Customer satisfaction is measured using a tool called the Net Promoter Score (NPS). a.s.r. strives to achieve a higher NPS than its main competitors.

To act upon the interest of shareholders, a.s.r. adopts a value-over volume strategy. This means that a.s.r. will only grow in volume if this is value accretive. This supports a.s.r. in targeting solid and high-quality earnings.

Solid financial framework

A solid financial framework is closely connected with a.s.r.'s strategic objective to maintain customer confidence. A financially robust insurer is able to fulfil its long-term commitments to policyholders.

On 15 May 2014, S&P affirmed its 'A' insurer financial strength and counterparty credit ratings on a.s.r.'s core insurance operations, ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. S&P also assigned the Issuer a counterparty credit rating of 'BBB+'.

Cost control

To achieve satisfactory profitability levels, a.s.r. systematically seeks to reduce its costs. This is achieved by phasing out old systems and replacing them with efficient systems that can be operated at lower overall costs. In addition, a.s.r. is working towards a permanent improvement of efficiency through its Operational Excellence (**OpEx**) programme. This programme is based on the "lean principle" whereby the organisation is structured to prevent wastage. The cost savings which a.s.r. anticipates will be derived from the OpEx programme shall be of direct benefit to customers, and also lead to the standardisation of processes and products, the enhancement of Straight Through Processing (back to back information handling) and the reduction of complexity and number of products. The Group's support services such as Human Resources and Information and Computer Technology are also working on the restructuring of the organisation in accordance with "lean principles".

OPERATING AND FINANCIAL REVIEW – FULL YEAR 2013 (consolidated group)

Profit for the year

a.s.r.'s profit for the year fell to €281 million (2012: €316¹ million). This amount reflects the higher profitability of the Non-Life segment and the loss suffered by the additional WGA-ER provision (€137 million). The WGA-ER product (**WGA-ER**) can be described as a product that provides insurance for the risk that an employer has on disability payments for its employees. Excluding this additional provision, the net result of the Non-Life segment showed a strong improvement by rising to €143 million with a combined ratio of 96.5% (the combined ratio is comprised of the claims ratio, the commission ratio and the expense ratio).

In the Life segment, net profit increased from €275 million to €367 million due to higher investment returns and lower operating expenses. In addition, several impairment losses recognised in previous years were reversed, following the tentative recovery of the financial markets.

The Other segment benefitted from a one-off tax benefit of €90 million in 2012. The accounting policies of IAS19R also affected this segment in adding €61 million, because the Other segment includes the pension plan of a.s.r. Excluding the tax benefit and the effect of IAS19R accounting policies, results in this segment rose by €78 million, primarily due to lower operating expenses, a better performance of a.s.r.'s banking business and fewer impairments. Furthermore, the project development risks incurred by the real estate development business were further scaled down, thereby reducing possible future losses.

Gross insurance premiums

Compared to 2012, premium income was down 9% to €3,923 million (2012: €4,290 million). The decline relates to both the Non-Life segment (-4%) and the Life segment (-12%).

The fall in premium income in the Non-Life segment to €2,392 million (2012: €2,487 million) manifested itself in nearly all product groups. Higher product sales were neutralised by a greater number of policy cancellations as a result of the focus on profitability by a.s.r. and business closures by self-employed persons. In the Fire Insurance business, risks were reassessed, which led to the cancellation of some policies; as a result, a.s.r. was less affected by large fires in 2013. The total

¹ In 2013, a change in accounting policies was implemented in relation to a.s.r. pension plan (**IAS19R**), as a result of which the comparative figures for 2012 of the Other segment were restated. This also affected the consolidated figures for 2012. This change has an accounting effect on the net results, operating expenses and total equity, as well as on return on equity.

Health Insurance portfolio continued to grow, predominantly due to a successful Ditzo marketing campaign. For full year 2013 this resulted in a premium income in the Non-Life segment comprised of €770 million by Occupational Disability, €579 million by Health insurance, and €1,043 million by Property and Casualty insurance.

Gross premiums written in the Life segment were down 12%, falling from €1,891 million for the year 2012 to €1,666 million for the year 2013. This drop was mainly attributable to lower income from regular premium policies. The volume of policy surrenders in the Individual Life business was halved in 2013 after the peak in 2012; it has now returned to historically 'normal' levels. Focus on profitability also led to a further decline in immediate annuities/single premium policies. Premium income from the Pension business fell by 6%. The new 'Werknemers Pensioen' (Employee Pension) was introduced in late 2013. The first contracts have now been signed and the number of calls for tenders is rising. Premium income from the Funeral Insurance business was virtually stable, despite a declining market, thanks in part, to the acquisition of de Facultatieve, a portfolio of funeral insurance products. For full year 2013 this resulted for in a premium income in the Life segment comprised of €982 million by Individual-Life including Funeral insurance, and €684 million by Pensions insurance.

Operating expenses

a.s.r. structurally lowered its operating expenses during the year, with a 7% fall to €547 million achieved in 2013. In addition to focusing on cost reduction, a.s.r. continues to make targeted investments, for instance by introducing a new pension product, improving its services (such as the new website launched by Ardanta), by streamlining its processes and systems, and introducing a new IT system for administrating occupational disability. In addition to the decline of the operating expenses, the operating expenses have become also more changeable in 2013, so that they can be adapted to the volume of the insurance portfolio. In the Life Business, various support services have been outsourced. Also, the health insurance business makes use of other third-party IT systems.

The headcount of internal employees fell from 4,088 full-time employees to 3,789 full-time employees in 2013. The largest group of employees who left (266) came under the scope of a redundancy plan. Another 78 employees left a.s.r. at their own request, 59 employees reached the end of their temporary contracts and 70 employees agreed to consensual termination of their employment contract.

Consolidated Group Capital and Solvency

The DNB solvency ratio is robust at 268%. Compared with year-end 2012, the DNB solvency ratio fell by 25% (year-end 2012: 293%), 20% of which was due to the credit rating downgrade of France in July 2013.

IFRS equity was up 13% in 2013 to €3,015 million. The net result for 2013 of €281 million, less the dividend distribution for 2012 of €88 million, contributed, amongst other factors, to this increase. Because of the revision of IAS19, actuarial gains and losses on the a.s.r. pension plan are recognised directly within Total Equity. As a result, Total Equity rose by €117 million in 2013. In addition, an increase was posted in the unrealised revaluation of portfolio investments.

Taking account of the unrealised revaluation of real estate, Total Equity at year-end 2013 amounted to €3,799 million (2012: €3,537 million). The revaluation of real estate (fair value less carrying amount) decreased €90 million to €784 million, in part due to the further scaling down of the real estate portfolio.

REGULATORY CAPITAL

The consolidated Group regulatory solvency and buffer capital can be broken down as follows:

	31-Dec-13 (€ millions)	31-Dec-12 (€ millions)
Regulatory solvency available (incl. Ultimate Forward Rate (UFR))	4,182	4,620
Regulatory solvency required	1,563	1,574
Regulatory solvency ratio (incl. UFR)	268%	293%
Regulatory solvency available (excl. UFR)	3,693	3,644
Regulatory solvency required	1,563	1,574
Regulatory solvency ratio (excl. UFR)	236%	231%

RISK MANAGEMENT

Risk management is an integral part of a.s.r.'s daily business activities. a.s.r. applies an integrated approach in managing risks, ensuring that our strategic goals (customer and shareholder interests, financial solidity and efficiency) are maintained. This integrated approach contributes to the creation of value by identifying the right balance between risk and return, while ensuring that all obligations towards a.s.r.'s stakeholders are met. Risk management enables a.s.r. to identify, measure and manage risks in order to take prompt action in the event of changes in a.s.r.'s risk profile.

a.s.r. is exposed to the following types of risks: market risk, counterparty default risk, insurance risk, strategic risk and operational risk. The risk appetite is established at both group and legal entity level and includes limits for executing the strategy. The risk environment requires continuous integrated monitoring and assessment of risks in order to understand and manage complex risk interactions across the organisation.

Page 113 of the financial statements in a.s.r.'s 2013 annual report contains a detailed description of a.s.r.'s risk profile and associated trends (see *Documents Incorporated by Reference* on page 29 of this Prospectus).

Risk Management developments

The latest developments within risk management of a.s.r., to stay up-to-date with legislation and regulation, consist of the following:

- A continued focus on implementation of Solvency II.
- a.s.r.'s Own Risk and Solvency Assessment (ORSA) has been further developed and is structurally embedded in the business. The ORSA was also carried out at legal entity level in 2013. The ORSA at group and legal entity level will be carried out at least once a year.
- In 2013 a.s.r. decided to develop The European Insurance and Occupational Pensions Authority's (EIOPA) Quantitative Reporting Templates (QRT) with regard to data management in order to comply with Solvency II.
- a.s.r. performed the first test run of the QRTs in Q4 2013.

- a.s.r. participated in the Long Term Guarantee Assessment (**LTGA**), organised by EIOPA in 2013.
- a.s.r. participated in the EIOPA insurance stress test in 2014.

Management of financial risks

A robust solvency position takes priority over profit, premium income and direct investment income. The Financial Risk Committee assesses the solvency position and the financial risk profile of the Group on a monthly basis. Action is taken where appropriate to ensure that the financial risk profile stays within the parameters that have been defined by a.s.r.'s risk appetite.

In 2013, the exposure to market risk changed slightly. a.s.r. expanded cautiously in equities and residential mortgages and divested its real estate and financials portfolio. The exposure to equities increased gradually as a result of positive revaluations and limited investments. The decrease in real estate exposure was in line with the investment policy and was mainly due to the sale of property. The exposure to (subordinated) financials was selectively reduced. In accordance with the strategic investment plan, the mortgage portfolio increased in 2013. The majority of new mortgages are guaranteed by the Dutch national mortgage guarantee fund. Furthermore, the Group's interest-rate risk hedge was further improved by restructuring the portfolio of swaps and swaptions. However, this did not impact the sensitivity to a parallel shift of the yield curve.

Starting from Q2 2012, DNB has prescribed the application of the UFR to the yield curve which is used to discount the insurance liabilities, meaning that the yield curve at maturities of more than 20 years gradually approaches a level of 4.2%. In the current interest rate environment, yields are typically below this level. Application of the UFR therefore leads, at this moment, to higher yields than market yields for maturities more than 20 years. Since these higher yields are used to discount the insurance liabilities, this effectively will lead to a lower present value of the insurance liabilities and hence to a higher value of own funds. This represents a positive impact to the solvency position of a.s.r. In order to have a thorough understanding of its impact and from a conservative perspective, the solvency position of a.s.r. is also assessed excluding the impact of UFR.

a.s.r. periodically assesses whether its technical provisions are sufficient to cover its insurance liabilities. These provisions were determined to be adequate at year-end 2013. The underlying assumptions for assessing the provisions are periodically adjusted to account for economic and non-economic developments. For example, as a result of the increase in life expectancy, the mortality table used for assessing the provision was updated in 2012. Another example is the extra provision a.s.r. took in 2013 for the WGA-ER product, resulting in an increase of the combined ratio to 104.6%. This was due to developments in the claims ratio, caused by an increase in claims and the change in liabilities arising from insurance contracts of the product WGA-ER. At the end of 2012, the employee insurances execution entity (UWV) performed a clean-up of the backlog in its disability administration, which resulted in significant additional disability charges to employers. This process led to additional claims for all the disability insurance providers and an extra provision for a.s.r. in 2013. In the meantime, a.s.r. has taken steps to adjust its prices, tighten its acceptance criteria and improve its claims settlement process, thereby improving its control and insight. Going forward, the focus will be on reintegration of disabled employees.

Management of non-financial risks

The Non-Financial Risk Committee (**NFRC**) is mandated by the Executive Board to decide on non-financial risk policies (the Chairman of the NFRC is the COO of the SME insurance market (member of the Executive Board)). The NFRC monitors that non-financial risks are adequately managed, determines non-financial risk limits at a group level and ensures that the risk profile stays within the

agreed risk limits. If the risk profile exceeds the limits, the NFRC is authorised to take mitigating actions. The NFRC reports to the a.s.r. Risk Committee.

The non-financial risk dashboard was in 2013 further aligned to the risk appetite. The non-financial risk dashboard contains key risk indicators. The non-financial risk dashboard is a tool for business units to assess and identify key risks. Furthermore, the non-financial risk dashboard give an insight into the risk profile of the business units.

A Control Risk Self-Assessment (**CRSA**) is conducted annually of all Group business lines and staff departments. Key risks threatening the achievement of the organisation's strategic objectives are taken into account in the CRSA. Following this assessment, every department writes a report outlining all identified key risks and the actions that need to be taken to mitigate these risks. These mitigating actions need to be implemented within a one-year timeframe. This report and the mitigating actions are authorised by the management teams of the business units and the Executive Board. Senior Management annually signs their Management in Control Statement which is based on the CRSA. Progress made on the mitigating actions, as defined in the CRSA is monitored on a quarterly basis in the Business Risk Committees and reported to the NFRC.

a.s.r. has continued to improve its system of internal control in 2013. The enterprise wide internal control framework has largely been implemented across the product lines. Operational risks have been identified and assessed and controls are determined and tested from an Enterprise Risk Management perspective. Where necessary, plans are devised to further increase their effectiveness. Risk Management will continue to monitor the effectiveness of these controls.

MATERIAL CONTRACTS

There are no material contracts that are not entered into in the ordinary course of business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes.

SUPERVISORY BOARD AND BOARD OF DIRECTORS

Supervisory Board

The members of the Supervisory Board of the Issuer are:

C. (Kick) van der Pol Ph.D.

Chairman of the Supervisory Board

Member of the Selection, Appointment & Remuneration Committee

Kick van der Pol is the Chairman of the Board of Directors of Ortec Finance, Chairman of the Board of the Federation of Dutch Pension Funds and Chairman of the Advisory Board of Syntrus Achmea, a pension administrator. He is also a member of the Bank Council of DNB and a member of the Board of the Confederation of Netherlands Industry and Employers (VNO-NCW). In the past, Kick served as the Vice-Chairman of the Executive Board of Eureko/Achmea and as Chairman of the Executive Board of Interpolis.

A.P. (Annet) Aris MSc

Chair of the Selection, Appointment & Remuneration Committee

Annet Aris had a 17-year career at McKinsey as a management consultant, nine years of which she served as a partner. She serves as a supervisory director at several Dutch and foreign enterprises and institutions, including at Finnish-based Sanoma Group and German-based Kabel Deutschland AG, Jungheinrich AG, Tomorrow Focus AG and Hansa Heemann AG. Annet is an adjunct professor of strategy at INSEAD international business school (Fontainebleau, France).

C.H. (Cor) van den Bos MSc

Chair of the Audit & Risk Committee

Cor van den Bos was on the Executive Board of SNS REAAL N.V. until August 2008; in this position, he was responsible for all insurance operations. He is the Chairman of the Supervisory Board of CED, a claims-processing manager, and of Noordwijkse Woningstichting, a housing corporation. Cor also sits on the Supervisory Boards of NIBE-SVV, a knowledge institute and publisher for the Dutch banking, insurance and investment industry, and Trust Hoevelaken. He is also a Non-Executive Member of the Board at investment firm Kardan.

M.A. (Margot) Scheltema MSc

Member of the Audit & Risk Committee

Until 2009, Margot Scheltema served as the Finance Director of Shell Nederland B.V., prior to which she held several international management positions at Shell since 1985. She is a Supervisory Director at Triodos Bank, Schiphol Group, TNT Express, Lonza Group of Basel, Switzerland and Warmtebedrijf Rotterdam, a heat management company. She is also member of the Supervisory Board of the Rijksmuseum. Margot serves as a council member of the Enterprise Chamber of the Amsterdam Court of Appeal and chairs the Monitoring Committee of the Code of the Pension Funds. She is also a member of the World Press Photo Supervisory Council and the treasurer of Genootschap Onze Taal, a society dedicated to the Dutch language.

Board of Directors

The members of the Board of Directors of the Issuer are:

J.P.M. (Jos) Baeten LL.M.

Jos Baeten is the Chairman of the Executive Board and Chief Executive Officer (CEO) of a.s.r. His areas of responsibility are Human Resources, Corporate Communications, Strategy, Marketing, Business Support, CSR, Audit, Integrity and Legal.

Jos studied law at Erasmus University Rotterdam and started his career in 1980 when he joined Stad Rotterdam, one of a.s.r.'s major predecessors; he was appointed CEO of Stad Rotterdam in 1999. He then joined the Board of Directors of Fortis ASR Verzekeringsgroep, becoming Chairman of the Board of De Amersfoortse Verzekeringen in June 2003. In 2005, he was appointed Chairman of the Board of Directors of Fortis ASR Verzekeringsgroep. He has served as the Chairman of the Executive Board and CEO of a.s.r. since January 2009.

K.T.V. (Karin) Bergstein MSc

Karin Bergstein is a member of the Executive Board. Her areas of responsibility are the product lines Property & Casualty, Life Individual, Banking, Funeral and Europeesche Verzekeringen and the Intermediary Distribution and Customer Service divisions.

Karin studied medical biology at Utrecht University and earned an MBA from Nyenrode University and the University of Rochester in the United States. She started her career at ING Bank in 1991, where she held various positions until 2010. Her last position was that of Director of Products & Processes, which gained her a seat on the Executive Board of ING Bank Nederland. She previously also served as CEO of ING Car Lease International. She was appointed to the a.s.r. Executive Board in September 2011.

M.H. (Michel) Verwoest MSc

Michel Verwoest is a member of the Executive Board. His areas of responsibility are the product lines Pensions, Occupational Disability Insurance and Health Insurance. He is also responsible for Property Development, Property Asset Management and Technology & Change.

Michel studied marketing at TiasNimbas Business School in Tilburg and business administration at IBO Business School, and held several executive positions at ING Group between 1997 and 2012. Within ING, he served as CEO of RVS Insurance and was in charge of the Individual Life business. His last position within ING Group was that of CEO of Nationale Nederlanden Services/director of Nationale Nederlanden Life. He was appointed to the a.s.r. Executive Board in December 2012.

H.C. (Chris) Figeo MSc

Chris Figeo is the Chief Financial Officer (CFO) of a.s.r. His areas of responsibility are Finance, Accounting and Reporting & Control, Financial Markets and Risk Management.

Chris earned a degree in Financial Economics from the University of Groningen and is an EFFAS Certified Investment Analyst. He also studied Risk Management at Stanford University. Chris started his career at Aegon, where he held various positions, including that of Senior Portfolio Manager. He moved to McKinsey, where he rose to the role of Partner. After 7 years with McKinsey, he joined Achmea as Director of Group Strategy & Performance Management. He also served as a member of the Achmea Group Committee. Chris' last position at Achmea was that of Director of Group Finance. In May 2014, he joined a.s.r. as CFO.

All members of the Supervisory Board and Board of Managing Directors of the Issuer have their business address at ASR Nederland N.V., Archimedeslaan 10, 3584 BA Utrecht, the Netherlands.

There are no potential or actual conflicts of interest between any duties owed by the members of the Supervisory Board and the Board of Directors of the Issuer to the Issuer and their private interests or other duties.

BOARD PRACTICES OF THE ISSUER

The members of the Audit & Risk Committee are appointed by the Supervisory Board. The Audit & Risk Committee selects one member to act as chairman. The chairman is appointed for a period of four years.

As at the date of this Prospectus, the members of the Audit & Risk Committee are:

C.H. (Cor) van den Bos (Chairman)

M.A. (Margot) Scheltema

The Audit & Risk Committee advises the Supervisory Board on financial and risk matters and assists the Supervisory Board with respect to decision-making thereon.

At least once a year, the Audit & Risk Committee, together with the Board of Directors, report to the Supervisory Board on the relationship with the external auditor and advises the Supervisory Board on extension of the auditor's term of appointment.

The Audit & Risk Committee holds at least 5 meetings per year. The Audit & Risk Committee meets the external auditor at least once a year without the presence of the Board of Directors.

The Dutch Corporate Governance Code (the **Code**) does not apply to the Issuer because its shares, or the depositary receipts for its shares, are not listed. Although the Issuer is under no obligation to do so, it endeavours to comply with the Code to the extent possible.

LITIGATION

As described in *Risk Factors - Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition*, there has been for some time, and there continues to be, political, regulatory and public attention focused on the unit-linked policies in general. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and future legal proceedings and there is a risk that one or more of these legal challenges will succeed. Since 2011, the Group settled 70 cases which were brought before KIFID. Furthermore, the Group settled 22 cases which were brought before Dutch courts. The Group is currently subject to legal proceedings initiated by individual policyholders, in some cases represented by Stichting ODIN/Graafsma, Consumentenclaim, Claimexperts, Hypoco, Joficon and ARAG, and is the subject of a number of claims initiatives brought on behalf of policyholders by claims organisations, which include Stichting Woekerpolisproce and Vereniging Woekerpolis.nl. As the current proceedings and claims initiatives are only in early stages, the timing of reaching any conclusion on these legal claims and proceedings is uncertain and such uncertainty is likely to continue for some time. Therefore, the potential risks and the effect upon the Group's financial position are difficult to quantify.

In addressing the unit-linked issue, the Group also settled with two claims organisations to offer compensation to the unit-linked policyholders represented through those two organisations, where individual unit-linked policies had a cost charge in excess of an agreed maximum and to offer similar compensation for certain hybrid insurance products. Furthermore, the Group paid special attention to a specific group of policyholders considered as 'most vulnerable' and 'vulnerable'. The 'most vulnerable' policies are policies for which the fund value is expected to become less than zero in the future. The 'vulnerable' policies are those for which the expected fund value increase is less than the sum of the future premiums, accrued with 4% interest. The policyholders considered as 'most vulnerable' and 'vulnerable' were informed by the Group and asked to make a conscious decision as to whether to adjust their policy by the end of April 2014. However, a number of these policyholders did not respond to the Group's 'mobilising' letters, could not be reached due to missing contact details and/or have not yet explicitly made a decision. In the Group's opinion this is due to the fact that the Group has already made a substantial effort over the years to address the relevant issues with clients and to decrease the total number of clients with potential issues with their policies. The remainder of these clients is a small percentage (6%) of the total existing portfolio of 370,000 active policies. The Group continues its efforts to encourage these clients to make a decision. During the 2013 financial year the scope of the 'most vulnerable' and 'vulnerable' policies was extended to include all unit-linked mortgage policies as included in the existing portfolio. Until this extension only the ones for which the fund value was expected to become less than the sum of the future premiums, accrued with 4% interest qualified as 'vulnerable' or 'most vulnerable'. The Group will inform this additional selection of policyholders by the end of 2014.

Historic costs of the compensation scheme for all unit-linked insurance contracts have been fully recognised by the Group in its audited consolidated annual financial statements in respect of the years ended 31 December 2012 and 31 December 2013, and also in its unaudited condensed consolidated

interim financial statements in respect of the six months ended 30 June 2014. In each case, provisions were made on the basis of management's best knowledge of current facts, settlements with claims organisations, actions, claims, complaints and events.

The total recognised cumulative financial impact of the compensation scheme in the Group's profit and loss account until 31 December 2013 is €1,085.7 million. The remaining provision in the balance sheet as at 31 December 2013 amounts to €218.3 million. This provision is included in the Liabilities arising from insurance contracts on behalf of policyholders.

In September 2013, KIFID rendered an interim decision against another insurance company in the Netherlands. In its interim decision, KIFID found that the consumer had not been adequately informed of the initial costs embedded within its unit-linked policy, nor of the leverage component thereof, and challenged the contractual basis for the charges. If KIFID were to finally decide unfavourably and that decision were to be upheld by a court, there can be no assurance that such decision would not have a material adverse effect on the Group's results of operations or financial position if the principles underlying any such decision were to be applied also to the Group's products in current or future litigation.

In June 2014, the Attorney General to the European Court of Justice gave its non-binding advisory opinion to the European Court of Justice on preliminary questions raised in a court case pending before the District Court in Rotterdam against another insurance company in the Netherlands. The main question being considered by the European Court of Justice is whether European law permits the application of information requirements based on general principles of Dutch law that potentially extend beyond information requirements prescribed by local laws and regulations in force at the time the policy was written. The opinion of the Attorney General refers to disclosure requirements existing under European law, as well as the possibility for national rules to embed principles of transparency. The European Court will render a judgment in 2014 at the earliest. It is possible that a judgment, although it may clarify a question of legal principle only and would be rendered in a case against another insurer, may ultimately be used by plaintiffs against the Group to substantiate alleged claims.

TAXATION

THE NETHERLANDS

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For purposes of Netherlands tax law, a holder of Notes may include an individual or entity who does not have the legal title to these Notes, but to whom nevertheless the Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Notes or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) investment institutions (*fiscale beleggingsinstellingen*);
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are not subject to or exempt from Netherlands corporate income tax;
- (iii) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*);
- (v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative; and
- (vi) individuals to whom Notes or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Corporate and Individual Income Tax

(a) Residents of the Netherlands

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes or has opted to be treated as a resident of the Netherlands for individual income tax purposes income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Notes, must determine taxable income with regard to the Notes on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments is taxed at a rate of 30%.

(b) Non-residents of the Netherlands

If a person is not a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, nor has opted to be treated as a resident of the Netherlands for individual income tax purposes, such person is not liable to Netherlands income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-

entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

- (ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is other than by way of securities entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under *Residents of the Netherlands*). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

Gift and Inheritance Tax

- (a) Residents of the Netherlands

Generally, gift tax (*schenkbelasting*) or inheritance tax (*erfbelasting*) will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or on the death of, a holder of Notes that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands Gift and Inheritance Tax Act 1956 at the time of the gift or his or her death. A gift made under a condition precedent is for purposes of the Netherlands Gift and Inheritance Tax Act 1956 deemed to be a made at the time the condition precedent is fulfilled and is subject to gift tax if the donor is, or is deemed to be a resident of the Netherlands at that time..

A holder of Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956 if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Gift and Inheritance Tax Act 1956 if he or she has been resident in the Netherlands and makes a gift within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

- (b) Non-residents of the Netherlands

No gift or inheritance tax will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or as a result of the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956., However, inheritance tax will be due in the case of a gift of the Notes by, or on behalf of, a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956, but such holder dies within 180 days after the date of the gift and at the time of his or her death is a resident or deemed to be a resident of

the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

EU SAVINGS DIRECTIVE

Under the Savings Directive, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in its jurisdiction to or for the benefit of an individual resident in that other Member State or certain limited types of entities established in that other Member State.

On 24 March 2014, the Council of the European Union adopted the Amending Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. The Amending Directive will also expand the circumstances in which payments must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries.

A number of non-EU countries and territories including Switzerland have adopted similar measures to the Savings Directive (a withholding system in the case of Switzerland).

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt because the implementation of the Commission's Proposal is expected to take place no earlier than 1 January 2016.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation and the timing remains unclear. Additional Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the Netherlands have entered into an agreement (the **US-Netherlands IGA**) based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the US-Netherlands IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depository, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Each of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Deutsche Bank AG, London Branch and UBS Limited (together, the **Joint Lead Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 26 September 2014, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.056 per cent. of the principal amount of Notes (the **Issue Price**), less a combined management and underwriting commission. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer. In such event, no Notes will be delivered to the Joint Lead Managers.

United States

The Notes have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to US tax law requirements and may not be offered or sold or delivered to a person who is within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings assigned to them by the US Internal Revenue Code of 1986, as amended and US Treasury regulations issued thereunder.

In addition, until 40 days after the completion of the distribution of all Notes, an offer or sale of Notes within the United States by any Joint Lead Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the **FSMA**) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

General

No action has been taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Prospectus in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it acquires, offers, sells or delivers the Notes or has in its possession or distributes this Prospectus.

GENERAL INFORMATION

Authorisation

The issue of the Notes was duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 19 August 2014 and a resolution of the Supervisory Board of the Issuer dated 12 September 2014.

Issue Date

The issue date of the Notes is expected to be on or about 30 September 2014.

Listing

Application has been made for the Notes to be listed and admitted to trading on Euronext in Amsterdam commencing on 30 September 2014. The costs to the Issuer in connection with the listing and admission to trading of the Notes are approximately €10,400.

Clearing Systems

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 111580065. The International Securities Identification Number (ISIN) for the Notes is XS1115800655.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

Yield

The effective yield of the Notes to the First Call Date is 5.123 per cent. per annum. The yield is calculated at the Issue Date. An indication of yield after the First Call Date cannot be given.

No significant change and material adverse change

There has been no significant change in the financial or trading position of the Group or the Issuer since 30 June 2014. There has been no material adverse change in the prospects of the Issuer since 31 December 2013.

Auditors

KPMG Accountants N.V. independent auditors, have audited, and rendered unqualified audit reports on the Issuer's financial statements for each of the financial years ended 31 December 2012 and 2013.

KPMG Accountants N.V. have given, and have not withdrawn, their written consent to the inclusion of their report and the references to themselves herein in the form and context in which they are included.

Partners employed by KPMG Accountants N.V. are members of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

The business address of KPMG Accountants N.V. is Rijnzathe 14, 3543 De Meern, The Netherlands.

Documents available

Copies of the following documents will be available free of charge, from the registered office of the Issuer and from the specified office of the Paying Agent for the time being as long as any of the Notes remains outstanding:

- (a) the Articles of Association (*statuten*) of the Issuer;
- (b) the publicly available audited consolidated annual financial statements of the Issuer for the two most recent financial years and consolidated interim financial statements of the Issuer;
- (c) copies of the Agency Agreement (including provisions for meetings of Noteholders); and
- (d) a copy of this Prospectus.

Interest material to the offer

Save for the commissions and any fees payable to the Joint Lead Managers, no person involved in the issue of the Notes has an interest, including conflicting ones, material to the offer.

Website

Up to date information and press releases are freely available for download from the Issuer's website: www.asr.nl. Information on the Issuer's website does not form part of this Prospectus and may not be relied upon in connection with any decision to invest in the Notes.

Litigation

Except as described in *Risk Factors - Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition* and in *ASR Nederland N.V. - Litigation*, none of the Issuer or any of its subsidiaries are involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

Ratings

As at the date of this Prospectus S&P has assigned a BBB+ rating to the Issuer.

The Notes are expected to be assigned, on issue, a rating of BBB- by S&P.

REGISTERED AND PRINCIPAL OFFICE OF THE ISSUER

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