



ASR Nederland N.V.

EUR200,000,000 Perpetual Restricted Tier 1 Contingent Convertible Securities (intended to be consolidated and form a single series with the EUR300,000,000 Perpetual Restricted Tier 1 Contingent Convertible Securities issued on 19 October 2017)

Issue Price of the Securities: 103.405 per cent.

The EUR200,000,000 Perpetual Restricted Tier 1 Contingent Convertible Securities (the **Securities**) will be issued by ASR Nederland N.V. (the **Issuer**) on 24 September 2019 (the **Issue Date**). The Securities constitute unsecured and subordinated obligations of the Issuer. The terms and conditions of the Securities are set out more fully in “*Terms and Conditions of the Securities*” below (the **Conditions**). Subject to the fulfilment of the Fungibility Conditions (as defined below), the Securities may without the consent of the holders of the Securities be consolidated and form a single series with the EUR300,000,000 Perpetual Restricted Tier 1 Contingent Convertible Securities issued on 19 October 2017 (the **2017 Securities**) on the Fungibility Date (as defined below). The fulfilment of the Fungibility Conditions and the Fungibility Date shall be notified to the holders of the Securities in accordance with Condition 13 (*Notices*) as soon as practicable after fulfilment of the Fungibility Conditions.

The Securities will bear interest at a rate per annum, equal to (subject as described in the Conditions) (i) from the Issue Date up to (but excluding the First Call Date) 4.625 per cent. and (ii) thereafter the sum of the applicable 5 Year Mid-Swap Rate plus the Margin, converted to a semi-annual rate in accordance with market convention, payable semi-annually in arrear on each Interest Payment Date, as more fully described in the Conditions.

The Issuer may elect at any time to cancel (in whole or in part) any Interest Payment (as defined herein) otherwise scheduled to be paid on an Interest Payment Date and shall, save as otherwise permitted pursuant to the Conditions, cancel an Interest Payment upon the occurrence of a Mandatory Interest Cancellation Event (as defined herein) with respect to that Interest Payment. Any interest accrued in respect of an Interest Payment Date which falls on or after the date on which a Conversion Trigger Event (as defined herein) occurs shall also be cancelled. The cancellation of any Interest Payment shall not constitute a default for any purpose on the part of the Issuer. Any Interest Payment (or part thereof) which is cancelled in accordance with the Conditions shall not become due and payable in any circumstances. Subject as provided in the Conditions, all payments in respect of or arising from the Securities are conditional upon the Issuer being solvent (as defined in the Conditions) at the time for payment and immediately thereafter.

Payments in respect of the Securities by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, taxes of the Netherlands, as more fully described in the Conditions.

The Securities are perpetual securities with no fixed redemption date. The Issuer shall only have the right to redeem or purchase the Securities in accordance with the Conditions. Holders of the

Securities (as defined herein) have no right to require the Issuer to redeem or purchase the Securities at any time.

Subject to compliance with the Redemption and Purchase Conditions (as defined herein), the Securities may be redeemed at the option of the Issuer on the First Call Date or any Interest Payment Date thereafter at their principal amount plus accrued interest (if any). Upon the occurrence of certain specified events relating to taxation or following the occurrence of (or if there will occur in the forthcoming six months) a Regulatory Event or a Ratings Methodology Event (each as defined herein), the Issuer may redeem the Securities at their principal amount plus accrued interest (if any) or vary or exchange the Securities for Qualifying Tier 1 Securities (as defined herein), in each case subject to compliance with the Redemption and Purchase Conditions, and as more fully described in the Conditions.

UPON THE OCCURRENCE OF A CONVERSION TRIGGER EVENT (AS DEFINED HEREIN) THE SECURITIES WILL BE CONVERTED INTO ORDINARY SHARES OF THE ISSUER AT THE PREVAILING CONVERSION PRICE (AS DEFINED HEREIN).

With effect from the Conversion Date (as defined herein), no holder of a Security will have any rights against the Issuer with respect to the repayment of principal or interest in respect of the Securities. The Securities are not convertible at the option of the holders of the Securities at any time.

The Securities are in registered form and are issued in denominations of EUR200,000 and integral multiples of EUR1,000 in excess thereof.

The Securities have not been and will not be registered under the Securities Act or under any securities law of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws.

This Offering Circular does not comprise a prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This document has been approved by the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) as listing particulars. Application has been made to Euronext Dublin for the Securities to be admitted to the official list (the **Official List**) and to trading on the Global Exchange Market of the Irish Stock Exchange (**GEM**). References in this Offering Circular to the Securities being “listed” (and all related references) shall mean that the Securities have been admitted to the Official List and have been admitted to trading on GEM. GEM is the exchange regulated market of Euronext Dublin and is not a regulated market for the purposes of Directive 2014/65/EU.

The Securities are expected to be assigned a rating of BB+ by S&P Global Ratings Europe Limited (**S&P**). S&P is established in the European Union (the **EU**) and is registered under Regulation (EC) No. 1060/2009 (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the **CRA Regulation**). 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.

The Securities are not intended to be sold and should not be sold to retail clients in the European Economic Area (the EEA), as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (as amended or replaced from time to time, the PI Instrument), other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed “Restrictions on marketing and sales to retail investors” on pages 5 to 6 of this Offering Circular for further information.

Prospective investors should read the whole of this document and the documents incorporated herein by reference. In particular, their attention is drawn to the risk factors described in the section entitled “Risk Factors” set out on pages 22 to 88 of this document, which they should read in full.

Certain information in relation to the Issuer has been incorporated by reference into this document, as set out in “*Documents Incorporated by Reference*”.

Capitalised terms used but not otherwise defined in this Offering Circular shall, unless the context requires otherwise, have the meaning given to them in the Conditions.

Structuring Adviser

HSBC

Joint Lead Managers

ABN AMRO

HSBC

UBS Investment Bank

IMPORTANT NOTICES

This Offering Circular constitutes the listing particulars in respect of the admission of the Securities to the Official List and to trading on GEM and for the purpose of giving information with regard to the Issuer and the Issuer and its subsidiaries taken as a whole (the **Group**) and the Securities which, according to the particular nature of the Issuer and the Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

EACH PURCHASER OF THE SECURITIES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE SECURITIES OR POSSESSES OR DISTRIBUTES THIS OFFERING CIRCULAR AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE SECURITIES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NEITHER THE ISSUER NOR THE JOINT LEAD MANAGERS SHALL HAVE ANY RESPONSIBILITY THEREFOR.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in “*Subscription and Sale*” below) to subscribe or purchase, any of the Securities. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Securities and distribution of this Offering Circular, see “*Subscription and Sale*”.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Joint Lead Managers have not separately verified the information contained in this Offering Circular and make no representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Offering

Circular or for any other statement, made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Securities. Each Joint Lead Manager accordingly disclaims all and any which it might otherwise have in respect of this Offering Circular or any such statement.

The Securities and any Ordinary Shares which may be delivered upon conversion of the Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, Securities and any Ordinary Shares which may be delivered upon conversion of the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

None of the Issuer or the Joint Lead Managers is providing any advice or recommendation in this Offering Circular on the merits of the purchase, subscription for, or investment in, the Securities or the exercise of any rights conferred by the Securities.

This Offering Circular has been prepared on the basis that any purchaser of Securities is a person or entity having sufficient knowledge and experience of financial matters as to be capable of evaluating the merits and risks of the purchase. Before making any investment decision with respect to the Securities, prospective investors should consult their own counsel, accountants or other advisers and carefully review and consider their investment decision in the light of the foregoing. An investment in the Securities is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may result therefrom.

RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

The Securities are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients in the European Economic Area, as defined in the rules set out in the Market in Financial Instruments Directive 2014/65/EU, as amended or replaced from time to time (**MiFID II**).

The Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities with features similar to the Securities to retail investors. In particular, in June 2015, the FCA published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (the **PI Instrument**). In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (**PRIIPs**) became directly applicable in all EEA member states and (ii) MiFID II was required to be implemented in EEA member states by 3 January 2018. Together the PI Instrument, PRIIPs and MiFID II are referred to as the **Regulations**. The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Securities.

Potential investors in the Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Securities (or any beneficial interests therein) including the Regulations.

Each Joint Lead Manager is required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest therein) from the Issuer and/or any Joint Lead Manager, each prospective investor represents, warrants, agrees with, and undertakes to, the Issuer and the Joint Lead Managers that:

1. it is not a retail client in the EEA (as defined in MiFID II);
2. it will not:
 - (A) sell or offer the Securities (or any beneficial interest therein) to retail clients in the EEA (as defined in MiFID II); or
 - (B) communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the MiFID II) (noting that it may not rely on the limited exemptions set out in the PI Instrument). In selling or offering Securities or making or approving communications relating to the Securities, it may not rely on the limited exceptions set out in the PI Instrument; and
3. if it is a person in Hong Kong, it is a “professional investor” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; and
4. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Securities (and any beneficial interest therein), including (without limitation) the Regulations and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interest therein) by investors in any relevant jurisdiction.

It will further acknowledge that:

- (i) the identified target market for the Securities (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients; and
- (ii) no key information document (KID) under PRIIPs has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under PRIIPs.

For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (**IDD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a **distributor**) should take into consideration the

manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore

- In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore and the Securities and Futures (Capital Markets Products) Regulations 2018 (the **CMP Regulations 2018**), the Issuer has determined the classification of the Securities as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

References to **euro**, **EUR** and **€** refer to the lawful currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union.

In connection with the issue of the Securities, HSBC Bank plc (the Stabilising Manager) (or any person acting on behalf of the Stabilising Manager) may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. 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.

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OVERVIEW

This overview must be read as an introduction to this Offering Circular and any decision to invest in the Securities should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference herein. Capitalised terms which are defined in “Terms and Conditions of the Securities” have the same meaning when used in this overview.

Issuer:	ASR Nederland N.V.
Securities:	EUR200,000,000 Perpetual Restricted Tier 1 Contingent Convertible Securities.
Fungibility with the 2017 Securities:	<p>Subject to the fulfilment of the Fungibility Conditions (as defined below), the Securities may without the consent of the holders of the Securities be consolidated and form a single series with the EUR300,000,000 Perpetual Restricted Tier 1 Contingent Convertible Securities issued on 19 October 2017 (the 2017 Securities) on the Fungibility Date (as defined below). The fulfilment of the Fungibility Conditions and the Fungibility Date shall be notified to the holders of the Securities in accordance with Condition 13 (<i>Notices</i>) as soon as practicable after fulfilment of the Fungibility Conditions.</p> <p>Fungibility Conditions means the passing of certain resolutions proposed by the Issuer to the holders of the 2017 Securities pursuant to a consent solicitation process announced on 16 September 2019 which are required in order for the Securities to be consolidated and form a single series with the 2017 Securities; and</p> <p>Fungibility Date means following fulfilment of the Fungibility Conditions, the date on which the Securities become consolidated and form a single series with the 2017 Securities.</p>
Issue Date:	24 September 2019.
Issue Price:	103.405 per cent.
Perpetual Securities:	The Securities are perpetual Securities with no fixed maturity or redemption date, and the holders of the Securities (the holders of the Securities) have no right to require the Issuer to redeem or purchase the Securities at any time.
Status and Subordination:	<p>The Securities will constitute unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> and without any preference among themselves.</p> <p>The rights and claims of the holders of the Securities against the Issuer are subordinated as described in Condition 4</p>

(Subordination).

At any time prior to the date on which a Conversion Trigger Event occurs, 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 (other than an Approved Winding-up) the payment obligations of the Issuer under the Securities shall rank in right of payment after the claims in respect of all Senior Obligations of the Issuer (and payment to holders of the Securities may only be made and any set-off by holders of the Securities shall be excluded until all obligations of the Issuer in respect of such Senior Obligations have been satisfied), but, as the case may be, *pari passu* with claims in respect of Parity Obligations and in priority to claims in respect of any Junior Obligations.

If, at any time on or after the date on which a Conversion Trigger Event occurs, an Issuer Winding-up occurs but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depositary on Conversion in accordance with Condition 7 (*Conversion*) have not been so issued and delivered, each holder of Securities shall have a claim (in lieu of any other payment by the Issuer) for the amount, if any, it would have been entitled to receive if the Conversion relating to such Conversion Trigger Event had occurred, and the relevant number of Conversion Shares to which such holder would have been entitled had been delivered to such holder, immediately prior to the Issuer Winding-up occurring.

Subject to applicable law, no holder of a Security may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities and each holder of a Security shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

Interest Rate:

The Securities will bear interest at a rate per annum, equal to (subject as described in the Conditions) (i) from (and including) the Issue Date up to (but excluding the First Call Date) 4.625 per cent. and (ii) thereafter a fixed rate of interest which will be reset on the First Call Date and on each Reset Date thereafter as the sum of the applicable 5 Year Mid-Swap Rate plus the Margin (being 3.789 per cent. per annum), converted to a semi-annual rate in accordance with market convention, payable semi-annually in arrear on each Interest Payment Date.

Cancellation of Interest Payments:

If the Issuer does not make an Interest Payment (or part thereof) on the relevant Interest Payment Date, such non-payment shall

evidence:

- (i) the cancellation of such Interest Payment in accordance with the provisions described under “*Mandatory Cancellation of Interest Payments*“ below; or
- (ii) the cancellation of such Interest Payment (or relevant part thereof) in accordance with Condition 7.7 (*Accrued Interest on Conversion*); or
- (iii) the Issuer's exercise of its discretion otherwise to cancel such Interest Payment (or relevant part thereof) as described under “*Optional Cancellation of Interest Payments*“ below.

Mandatory Cancellation of Interest Payments:

Subject to certain limited exceptions as more fully described in the Conditions, the Issuer shall be required to cancel any Interest Payment if:

- (i) the Solvency Condition is not met at the time for payment of such Interest Payment, or would cease to be met immediately following, and as a result of making, such Interest Payment; or
- (ii) the Issuer has determined that there is non-compliance with the Solvency Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such Interest Payment; or
- (iii) the Issuer has determined that there is non-compliance with the Minimum Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such Interest Payment; or
- (iv) the amount of such Interest Payment, when aggregated together with any Additional Amounts payable with respect thereto, any interest payments or distributions which have been made or which are scheduled simultaneously to be paid or made on all Tier 1 Own Funds (excluding any such payments which do not reduce the Issuer's Distributable Items and any payments already accounted for in determining the Issuer's Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment.

The Issuer shall not be required to cancel an Interest Payment where a Mandatory Interest Cancellation Event has occurred and is continuing, or would occur if payment of interest on the Securities were to be made, where:

- (A) the Mandatory Interest Cancellation Event is of the type described in paragraph Condition 6.2(b) (*Mandatory Cancellation of Interest Payments*) only; and
- (B) the Relevant Supervisory Authority has exceptionally waived the cancellation of the Interest Payment; and
- (C) the Relevant Supervisory Authority has confirmed to the Issuer that it is satisfied that payment of the Interest Payment would not further weaken the solvency position of the Issuer or the Group; and
- (D) the Minimum Capital Requirement will be complied with immediately following such Interest Payment, if made.

Issuer's Distributable Items:

Without double-counting, an amount equal to:

- (a) the retained earnings and the distributable reserves of the Issuer, calculated on an unconsolidated basis, as at the last calendar day of the most recently ended financial year of the Issuer; plus
- (b) the profit for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date; less
- (c) the loss for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date,

each as defined under national law, or in the articles of association of the Issuer.

Optional Cancellation of Interest Payments:

Interest on the Securities is due and payable on each Interest Payment Date, subject to the restrictions set out in the Conditions. In addition, the Issuer may at its sole and absolute discretion at any time elect to cancel any interest payment (or part thereof) which would otherwise be payable on any Interest Payment Date.

Solvency Condition:

Other than in an Issuer Winding-up, all payments in respect of or arising from (including any damages for breach of any

obligations under) the Securities shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be due and payable by the Issuer in respect of or arising from (including any damages for breach of any obligations under) the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter.

The Issuer will be solvent if (i) it is able to pay its debts owed under its Senior Obligations as they fall due and (ii) its Assets exceed its Liabilities.

Any payment of interest that would have been due but for the Solvency Condition being satisfied shall be cancelled.

For this purpose:

Assets means the non-consolidated gross assets of the Issuer as shown by the then latest published audited balance sheet of the Issuer but adjusted for contingencies and for subsequent events and to such extent as two members of the Issuer's Executive Board, the auditors or, as the case may be, the liquidator may determine to be appropriate.

Liabilities means the non-consolidated gross liabilities of the Issuer as shown by the then latest published audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events and to such extent as two members of the Issuer's Executive Board, the auditors or, as the case may be, the liquidator may determine to be appropriate.

Senior Obligations means any present and future obligation to creditors of the Issuer (a) who are unsubordinated creditors of the Issuer, including all policyholders (if any) or beneficiaries under contracts of insurance of the Issuer (if any) or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of an Issuer Winding-up or otherwise) to the claims of unsubordinated creditors of the Issuer (such subordinated claims including any claims with respect to instruments that qualify as Tier 2 Capital or Tier 3 Capital (in each case whether or not such securities count as Tier 2 Capital or Tier 3 Capital, respectively, at the time) of the Issuer), other than those whose claims are, or are expressed to rank, *pari passu* with or junior to the claims of the holders of the Securities.

Redemption at the option of the Issuer:

Subject to certain conditions, the Issuer may, upon notice to holders of the Securities and the Fiscal Agent, at its option, redeem all (but not some only) of the Securities, on the First Call Date or any Interest Payment Date thereafter at their principal amount outstanding together with (to the extent that such interest

has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

Redemption at the option of the Issuer for taxation reasons:

Subject to certain conditions, if:

- (A) as a result of a Gross-Up Event which change or amendment becomes effective after the Issue Date or, from (and including) the Fungibility Date, 19 October 2017, on the next payment of interest due in respect of the Securities the Issuer would be required to pay Additional Amounts; or
- (B) as a result of a Tax Deductibility Event which becomes effective on or after the Issue Date or, from (and including) the Fungibility Date, 19 October 2017, payments of interest payable by the Issuer in respect of the Securities would no longer be deductible in whole or in part,

and the effect of either of the foregoing cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may, upon notice to the holders of the Securities and the Fiscal Agent, redeem all (but not some only) of the Securities at any time at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

Redemption, exchange or variation at the option of the Issuer due to a Regulatory Event:

Subject to certain conditions, if at any time a Regulatory Event has occurred and is continuing, or, as a result of any change in, or amendment to, or any change in the application or official interpretation of, any applicable law, regulation or other official publication, a Regulatory Event will occur within the forthcoming period of six months, then the Issuer may, upon notice to holders of the Securities and the Fiscal Agent either:

- (i) redeem all (but not some only) of the Securities at any time at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.; or
- (ii) exchange on any Interest Payment Date all (but not some only) of the Securities for, or vary the terms of the Securities so that in either case the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) constitutes Qualifying Tier 1 Securities of the Issuer.

A **Regulatory Event** is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by the Relevant Supervisory Authority or any court or authority entitled to do so of) the Relevant Rules, the whole or any part of the Securities are no longer capable of counting as Tier 1 Own Funds for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

Redemption, exchange or variation at the option of the Issuer due to a Ratings Methodology Event:

Subject to certain conditions, if at any time a Ratings Methodology Event has occurred and is continuing, or, as a result of any change in or clarification to the methodology of any Rating Agency (or in the interpretation of such methodology), a Ratings Methodology Event will occur within the forthcoming period of six months, then the Issuer may, upon notice to holders of the Securities and the Fiscal Agent either:

- (i) redeem all (but not some only) of the Securities at any time at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or
- (ii) exchange on any Interest Payment Date all (but not some only) of the Securities for, or vary the terms of the Securities so that they become or remain Rating Agency Compliant Securities. Any such exchange or variation requires prior approval of the Relevant Supervisory Authority.

A **Ratings 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 Rating Agency of such methodology) as a result of which the equity content previously assigned by that Rating Agency to the Securities is reduced when compared to the equity content assigned by that Rating Agency to the Securities on or around the Issue Date or, from (and including) the Fungibility Date, the 2017 Securities is reduced when compared to the equity content assigned by that Rating Agency to the 2017 Securities on or around 19 October 2017.

Purchases:

Subject to certain conditions, the Issuer or any of its affiliated entities may at any time purchase Securities in any manner and at any price.

Conditions to redemption and

Subject to certain conditions, the Securities may not be

purchase:

redeemed pursuant to any of the optional early redemption provisions, exchanged or purchased by the Issuer or any of its affiliates if:

- (A) the Solvency Condition is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Solvency Condition to be breached; or
- (B) the Issuer has determined and the Relevant Supervisory Authority has confirmed that the Solvency Capital Requirement is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Solvency Capital Requirement to be breached; or
- (C) the Issuer has determined and the Relevant Supervisory Authority has confirmed that the Minimum Capital Requirement is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Minimum Capital Requirement to be breached; or
- (D) an Insolvent Insurer Liquidation has occurred and is continuing; or
- (E) the Regulatory Clearance Condition is not satisfied; or
- (F) any other requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the Relevant Supervisory Authority have not been complied with following the proposed redemption or purchase (and will continue to not be complied with following the proposed redemption or purchase).

In the case of an optional early redemption or any purchase of the Securities by the Issuer referred to in Condition 8 (*Redemption, Exchange, Variation and Purchase*):

- (i) that is within five years from the Issue Date or, from (and including) the Fungibility Date, 19 October 2017, such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Securities, if required pursuant to the then Relevant Rules;
- (ii) that is after the fifth anniversary of the Issue Date or, from (and including) the Fungibility Date, 19 October

2017 and before the tenth anniversary of the Issue Date or, from (and including) the Fungibility Date, 19 October 2017, or any other such period prescribed by the then Relevant Rules, the Relevant Supervisory Authority shall have confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement is exceeded by an appropriate margin (taking into account the solvency position of the Issuer including the Issuer's medium-term capital plan), unless such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Securities, if required pursuant to the then Relevant Rules.

Withholding tax and additional amounts:

Payments on the Securities shall be made without withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will, subject to certain exceptions set out in Condition 10 (*Taxation*), pay such additional amounts in respect of Interest Payments, but not in respect of any payments of principal, as may be necessary in order that the net payment received by each holder of a Security in respect of the Securities, after the withholding or deduction shall equal the amount which would have been received in the absence of any such withholding or deduction.

Non-payment when due:

Any failure by the Issuer to pay interest or principal when due in respect of the Securities shall not constitute an event of default and does not give holders of the Securities any right to demand repayment of the principal amount of the Securities. If any of the following events shall have occurred and be continuing:

- (A) in the Issuer is declared bankrupt (*failliet*), or a moratorium (*surseance van betaling* or *noodregeling*, as applicable) is applied to the Issuer; or
- (B) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer other than in case of an Approved Winding-up,

then any holder of a Security may, by written notice to the Issuer at the specified office of the Fiscal Agent, declare its Securities to be forthwith due and payable whereupon the same shall become forthwith due and payable at its principal amount and any accrued but unpaid interest from the previous Interest Payment Date up to (but excluding) the date of repayment (unless cancelled) provided that repayment of Securities will only be effected after the Issuer has obtained the prior written permission of the Relevant Supervisory Authority (provided that

at the relevant time such permission is required). No other remedy against the Issuer shall be available to the holders of the Securities, whether for recovery of amounts owing in respect of the Securities or in respect of any breach by the Issuer of any of its obligations under or in respect of the Securities.

Conversion:

If the Conversion Trigger Event occurs, the Issuer's obligations under each Security shall be irrevocably discharged and satisfied by the Conversion into Ordinary Shares, credited as fully paid, and the issuance of such Ordinary Shares to the Conversion Shares Depository to be held for the holders of the Securities.

Conversion Trigger Event:

A Conversion Trigger Event shall occur if at any time:

- (i) the amount of Own Fund Items eligible to cover the Solvency Capital Requirement is equal to or less than 75 per cent. of the Solvency Capital Requirement;
- (ii) the amount of Own Fund Items eligible to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement; or
- (iii) a breach of the Solvency Capital Requirement has occurred and such breach has not been remedied within a period of three (3) months from the date on which the breach was first observed.

Whether the Conversion Trigger Event has occurred at any time shall be determined by the Issuer, and such determination shall be binding on the Fiscal Agent and the holders of the Securities.

Conversion Price:

The Conversion Price per Ordinary Share in respect of the Securities is EUR23.10, subject to certain adjustments described in the Conditions.

Conversion Shares Offer:

Not later than the tenth (10th) Business Day following the Conversion Date, the Issuer may, in its sole and absolute discretion, make an election that the Conversion Shares Depository (or an agent on its behalf) will make an offer, in the Issuer's sole and absolute discretion, of all or some of the Conversion Shares to be delivered on Conversion to, in the Issuer's sole and absolute discretion, all or some of the Issuer's Shareholders at such time or to any other third party, such offer to be at a price not lower than the Conversion Shares Offer Price.

The Conversion Shares Offer Period shall end no later than 40 Business Days after the giving of the Conversion Shares Offer Notice by the Issuer.

Upon expiry of the Conversion Shares Offer Period, the

Conversion Shares Depositary will provide notice to the holders of the Securities and the Fiscal Agent of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of the Conversion Shares Offer Consideration (as set out in the definition of Conversion Shares Offer Consideration)) per Calculation Amount. The Conversion Shares Offer Consideration shall be held by the Conversion Shares Depositary for the holders of the Securities. The cash component of any Conversion Shares Offer Consideration shall be payable by the Conversion Shares Depositary to the holders of the Securities in euro irrespective of whether or not the Solvency Condition is satisfied. If any Conversion Shares are sold in the Conversion Shares Offer, the cash component of the Conversion Shares Offer Consideration shall never exceed the product of (a) the principal amount of such Security and (b) the proportion (expressed as a percentage) of the Conversion Shares sold in the Conversion Shares Offer, any excess of such cash component being forfeited and transferred to the Issuer. Furthermore, the Conversion Shares Offer Price may be lower than the Conversion Price.

Conversion Shares Offer Consideration:

In respect of each Security and as determined by the Conversion Calculation Agent:

- (a) if all of the Conversion Shares to be issued and delivered on Conversion are sold in the Conversion Shares Offer, the pro rata share of the cash proceeds from the sale of such Conversion Shares attributable to such Security translated, if necessary, into euro at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs, if applicable);
- (b) if some but not all of such Conversion Shares are sold in the Conversion Shares Offer:
 - (i) the pro rata share of the cash proceeds from the sale of such Conversion Shares attributable to such Securities translated, if necessary, into euro at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs); and
 - (ii) the pro rata share of such Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Securities rounded down to the nearest whole number of Ordinary Shares; and
- (c) if no Conversion Shares are sold in a Conversion

Shares Offer, the relevant Conversion Shares attributable to such Securities rounded down to the nearest whole number of Ordinary Shares,

subject, in the case of paragraphs (a) and (b)(i) above, to deduction from any such cash proceeds of (1) an amount equal to the pro rata share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in such Conversion Shares to the Conversion Shares Depositary as a consequence of the Conversion Shares Offer or (2) an amount as a result of the application of the restriction that the cash component of the Conversion Shares Offer Consideration shall never exceed the then outstanding product of (a) the principal amount of such Security and (b) the proportion (expressed as a percentage) of the Conversion Shares sold in the Conversion Shares Offer.

Ordinary Shares:

The Conversion Shares issued and delivered on the Share Delivery Date will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the Conversion Date, save as provided in the Conditions.

Form:

The Securities will be issued in registered form and represented upon issue by a registered global certificate (the **Global Certificate**) which will be registered in the name of a nominee for a common depositary (the **Common Depositary**) for Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and Euroclear Bank SA/NV (**Euroclear**) on or about the Issue Date.

Denomination:

The Securities will be issued in denominations of EUR200,000 each and integral multiples of EUR1,000 in excess thereof.

Meetings of holders of the Securities:

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

Listing:

Admission to listing on the Official List and to trading on the GEM.

Ratings:

The Securities are expected to be assigned a rating of BB+ by S&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.

Governing Law:	The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and construed in accordance with, Dutch law.
Fiscal Agent:	Deutsche Bank AG, London Branch.
Conversion Calculation Agent:	Conv-Ex Advisors Limited.
Listing Agent:	Arthur Cox Listing Services Limited.
Joint Lead Managers:	ABN AMRO Bank N.V., HSBC Bank plc and UBS AG London Branch.
Temporary ISIN to (but excluding) the Fungibility Date or Permanent ISIN if Fungibility Conditions are not fulfilled:	XS2055781376
Permanent ISIN from (and including) the Fungibility Date:	XS1700709683
Temporary Common Code to (but excluding) the Fungibility Date or Permanent Common Code if Fungibility Conditions are not fulfilled:	205578137
Permanent Common Code from (and including) the Fungibility Date:	170070968
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
Registrar:	Deutsche Bank Luxembourg S.A.
Selling Restrictions:	The Securities have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Securities may be sold in other jurisdictions only in compliance with applicable laws and regulations. See “ <i>Subscription and Sale</i> ” below.
Use of Proceeds:	The net proceeds of the Securities will be used for the general corporate purposes of the Group (which may include, without limitation, the refinancing of existing debt).

RISK FACTORS

*Before investing in the Securities, prospective investors should carefully consider the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Offering Circular. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on ASR Nederland N.V. together with its consolidated subsidiaries (the **Group**), its business, revenues, prospects, results and financial condition, which could result in an inability of the Issuer to pay interest and/or principal and could negatively affect the price of the Securities. In that event, the value of the Securities could decline and an investor might lose part or all of his investment.*

All of these risk factors and events are contingencies which may or may not occur. The Group may face a number of these risks described below simultaneously and one or more risks described below may be interdependent. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the business, revenues, prospects, results and financial condition of the Group, which could result in an inability of the Issuer to pay interest and/or principal and could negatively affect the price of the Securities. The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, although the Group believes that the risks and uncertainties described below are the material risks and uncertainties concerning the Group's business and the Securities, they are not the only risks and uncertainties relating to the Group and the Securities. Other risks, events, facts or circumstances not presently known to the Group, or that the Group currently deems to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on the Group's business, revenues, prospects, results and financial condition. The value of the Securities could decline as a result of the occurrence of any such risks, events, facts or circumstances or as a result of the events, facts, or circumstances described in these risk factors, and investors could lose part or all of their investment.

Prospective investors should carefully read and review the entire Offering Circular and should form their own views before making an investment decision with respect to any Securities. Furthermore, before making an investment decision with respect to any Securities, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and/or tax advisers and carefully review the risks associated with an investment in the Securities and consider such an investment decision in light of their personal circumstances.

Unless the context requires otherwise, capitalised terms which are defined in "Terms and Conditions of the Securities" have the same meaning when used herein.

RISK FACTORS RELATING TO THE GROUP'S BUSINESS

General Economic and Market Conditions

The Group's growth, business, revenues and results are materially affected by general economic conditions and other business conditions. The ongoing turbulence and volatility of such conditions may adversely affect the Group's business, revenues, results and financial condition

Global economic conditions can be volatile, and it is uncertain how the global economy will evolve over time. The divergence in economic conditions in the United States, the European Union (EU) and Asia including the effects of quantitative easing in the EU, changes monetary policy in the United States, the prolonged economic stagnation in parts of Europe, slowing economic growth in China and the political

turmoil in various regions around the world could negatively impact the Group's operations. Since the onset of the financial crisis in 2008, which in Europe was followed by the onset of the euro crisis in 2010, weak macroeconomic conditions, including recessions, and the implementation of austerity measures in many economies, along with financial market turmoil and volatility have at times negatively affected financial markets. Even though recent macroeconomic conditions and financial markets performance have generally been favourable, these trends may not persist. Any deterioration of global macroeconomic prospects and/or financial markets performance, may negatively affect the Dutch economy and therefore the behaviour of the Group's customers, and by extension, the demand for, and supply of, the Group's products and services. Higher unemployment levels; reduced consumer and government spending levels; government monetary and fiscal policies; inflation rates; interest rates; credit spreads and credit default rates; currency exchange rates; market indices, equity and other securities prices; real estate prices and changes in customer behaviour have affected and will continue to affect the Group. In addition, despite recent improvements in the financial position of many European countries, the peripheral European financial system continues to be weak and could deteriorate further. There remains a risk that financial difficulties may result in certain European countries exiting the Eurozone.

Furthermore, it is noted that, pursuant to a referendum held in June 2016, the United Kingdom (UK) has voted to leave the EU and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the EU and the Treaty on the Functioning of the EU cease to apply in the relevant state from the date of entry into force of a withdrawal agreement or, failing that, two years after the notification of intention to withdraw, although this period has been extended until 31 October 2019, and may be extended further.

There are a number of uncertainties in connection with the future of the UK and its relationship with the EU. Until the terms of the UK's exit from the EU are clearer, it is not possible to determine the impact that the UK's departure from the EU and/or any related matters may have on the business of the Group. The Group could be adversely affected in a number of ways including through exposure to fluctuations in the equity, fixed income and property markets which could result in a material adverse effect on its returns on invested assets and the value of its investment portfolio or its solvency position. See also "The Group's exposure to fluctuations in the equity, fixed income and property markets could result in a material adverse effect on its returns on invested assets, including assets in its investment portfolio, or its solvency position".

International equity markets have at times continued to experience heightened volatility and turmoil, with institutions, including the Group, that have exposure to the real estate, mortgage and credit markets particularly vulnerable. Furthermore, concerns regarding negative interest rates and the low level of interest rates generally may negatively impact the Group's net interest income, which may have an adverse impact on the Group's profitability.

Renewed significant downturns in equity markets, significant shifts in currency rate valuations, a European country exiting, or making a decision to exit, the Eurozone and/or the EU, downgrades of issuers by rating agencies, in particular of sovereign debt issuers, downward appraisals of property values and/or significant movements of interest rates and credit spreads or any of the other developments described above could have a material adverse effect on the Group's capital and solvency position and results. Furthermore, economic downturns could also result in increased incidence of internal and external fraud, including fraudulent claims by customers, theft, corruption and insider trading. Other events may also adversely affect the financial markets, such as heightened geopolitical tensions, war, acts of terrorism, natural disasters or other similar events.

As the Dutch, European and global economies have taken steps to recover from the financial crisis, significant actions by governments, including bail-outs of financial institutions, as well as volatile markets, interest rates and credit spreads, significant changes in asset valuations (including material write-offs and write-downs of impaired assets), have all affected the business of financial institutions, including the Group. Continuing weakness or significant deterioration in the Dutch or, to the extent they affect the Dutch economy, the European and global economies, a failure to return to growth, and continuing volatility in financial markets could have a material adverse effect on the Group's business, revenues, results and financial condition.

The Group, due to its concentration in the Dutch market, 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

Virtually all of the Group's operating income is generated and accounted for in the Netherlands. As a result, the Group is dependent upon the prevailing economic, political and social conditions in the Netherlands, including unemployment levels in the Netherlands. Austerity measures initiated by the Dutch government as a consequence of the financial crisis in 2008 and the aforementioned euro crisis in 2010, combined with weakened economic conditions in Europe and, in particular, the Netherlands following the global economic and financial crisis, resulted in higher unemployment rates, weak property markets, below-target inflation and pressure on disposable incomes for many years. The Dutch economy has more recently recovered and returned to economic growth which can be illustrated by the stronger property markets and historically low unemployment rates. If weak economic and market conditions in the Netherlands and western Europe in general were to return, these may have a negative effect on the Group's results of operations. The Group's own investment portfolio, in particular its equity and real estate portfolios, as well as its mortgage loan portfolio are particularly exposed to changes in Dutch economic and market conditions. See also "The Group's business, revenues, results and financial condition are exposed to changes in legislation applicable to the housing market in the Netherlands and the Group's residential retail and commercial mortgage portfolio is exposed to the risk of default by borrowers and to declines in real estate prices".

Any deterioration in these conditions or a long-term persistence of deteriorated 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 business, revenues, results and financial condition.

The Dutch corporate income tax rate on the first €200,000 of taxable profit is 19% (as of 2019). The rate on taxable profit in excess of €200,000 is 25%. On the basis of the Tax Plan 2020 (see also 'Tax Plan 2020 of the Dutch government' below), these tax rates will be set at 16.5% and 25% in 2020 and at 15% and 21.7% respectively in 2021. While this has had a positive impact on the results of the Group after tax, it has also had an impact on the Loss Absorbing Capacity of Deferred Taxes (**LACDT**) which is a significant item in determining the Solvency Capital Requirement (**SCR**). The amount of LACDT included in the calculation of the SCR as of 30 June 2019 does already incorporate the impact of proposed future tax rate reductions on the basis of the Tax Plan 2019, that is taking into account tax rates of 16.5% and 22.55% for 2020 and tax rates of 15% and 20.5% respectively for 2021, as proposed in the Tax Plan 2019. Depending on the legislative process with respect to the proposed changes in the Tax Plan 2020 the impact of those changes will be incorporated in upcoming results.

Risks related to the Tax Plan 2020 of the Dutch government

On 17 September 2019, the Dutch Ministry of Finance published its Tax Plan 2020 (*Pakket Belastingplan 2020*). The Tax Plan 2020 includes two measures that in particular may become relevant within the context of the Dutch tax treatment of the Issuer, the Securities, and/or payments in respect of the Securities, being (i) the introduction of a conditional withholding tax on interest and royalties and (ii) the introduction of a thin capitalisation rule for banks and insurers.

With respect to the first measure, the Tax Plan 2020 proposes to introduce a conditional withholding tax on interest and royalties that will apply from 2021. The conditional withholding tax is an anti-abuse measure and will apply to interest and royalty payments by a Dutch entity (broadly defined) directly or – if certain requirements are met – indirectly, to a related entity or permanent establishment of such entity (i) in a low-tax jurisdiction or (ii) in cases of abuse. An entity is related if it can directly or indirectly control the decisions made by the other entity on its activities (a qualifying interest). This is for example the case if it has more than 50% of the voting rights. The controlling entity can either be the paying or the receiving entity. Furthermore, an entity is related, if a third party has a qualifying interest in both the paying and receiving entity. An entity is also related if it has an interest, but not a qualifying interest in the Dutch entity, but it is part of a cooperating group of entities which as a total has a qualifying interest in the Dutch entity that makes the payment.

Although the scope of the new rule, when enacted, is limited to group entities, it could potentially be applicable to payments under the Securities.

In relation to the second measure, the Tax Plan 2020 proposes to introduce a thin capitalisation rule for banks and insurers restricting deductibility of interest as of 1 January 2020. The rules would apply to licensed banks and insurers with a registered office in the Netherlands and foreign banks and insurers with a permanent establishment in the Netherlands. In short, the rule would apply to insurance companies with an equity of less than 8% of the balance sheet total (to be determined on the basis of a set of specific provisions which refer, amongst others, to Solvency II). If the rule is implemented in Dutch law in accordance with this draft legislation, the thin capitalisation rule may have an adverse impact on the amount of interest that the Issuer can deduct for Dutch corporate income tax purposes and thus on its financial position.

The Group has long-term assets and liabilities and is exposed to the risk of a mismatch between the value of its assets and liabilities resulting from changes in interest rates and credit spreads, which could have a material adverse effect on the Group's business, revenues, results and financial condition

As a provider of life insurance and guaranteed pension products, the Group requires a significant amount of long-term fixed income assets to be matched against its long-term insurance liabilities, although there will always be sizeable mismatches in duration under certain frameworks. Fixed income assets are typically valued at fair market value in accordance with current accounting and solvency regulations and are therefore sensitive to interest rate and credit spread movements. However, corresponding liability valuations do not fluctuate with interest rate and credit spread movements when they are valued using a fixed accrual methodology, which may apply depending on applicable accounting, reporting and regulatory frameworks. Moreover, even if the corresponding liabilities are valued using a market consistent methodology, they may nevertheless have limited or different sensitivity to credit spread and interest rate movements because the discount rates applied in those market valuations (in some cases, including the discount rate prescribed or determined by regulators) typically do not fully reflect sensitivities to credit spread and interest rate movements and therefore the value of the Group's liabilities may not match that of its fixed income assets. Although the impact of a change of credit spreads on fixed income assets is expected to be, in part or in full, compensated by the Volatility Adjustment (VA), it may

have an overall negative impact on the Group's ratio pursuant to EU Directive 2009/138/EC (**Solvency II**). As at 30 June 2019, based on management estimates, if credit spreads had increased by 75 basis points and correspondingly the VA-premium of 18 basis points, the Group's Solvency II ratio would have increased by 18 percentage points. The Solvency II ratio is dependent on the application of the ultimate forward rate (**UFR**) in the discounting curve of the insurance liabilities.

The European Insurance and Occupational Pensions Authority (EIOPA) will reduce the ultimate forward rate used to extrapolate insurers' discount curves to better reflect expected inflation and real interest rates. The UFR will decrease to 3.55%, phasing in by 15 basis points per year which has a negative impact, based on management estimates, of 9 percentage points on the Group's Solvency II ratio.

In all of these cases, there is a mismatch between the valuations of the fixed income assets and liabilities that, depending on applicable accounting, reporting and regulatory frameworks, could have a material adverse effect on the Group's available regulatory capital, business, revenues, results and financial condition.

The sustained low interest rate environment in recent years in Europe has negatively impacted the Group in various ways and will continue to do so if it persists

In a period of sustained low interest rates, financial and insurance products with long-term options and guarantees (such as pension, whole-life, funeral and disability products) may be more costly to the Group. The Group may therefore incur higher costs to hedge the investment risk associated with such long-term options and guarantees of these products. Moreover, the required capital pursuant to Solvency II for long-term risks, such as longevity, expense and morbidity risks, is interest rate sensitive. Declining interest rates will result in an increase in the valuation of liabilities and of the Group's Solvency II required capital.

Projection of the solvency figures in the annual Own Risk and Solvency Assessment (**ORSA**) and balance sheet plan show that low interest rates are also likely to have a negative impact on the future capital generation of the Group. The effects mentioned above limit the ability of the Group to offer financial and insurance products with long-term options and guarantees at attractive prices. As a consequence, new business levels will be lower and, due to fixed costs, profitability could be reduced. Also, if interest rates are volatile the present value impact of changes in assumptions affecting future benefits and expenses will also be volatile, creating more volatility in the Group's results of operations and available regulatory capital. Furthermore, low interest rates will lead to a low risk free return on the assets allocated to the own funds.

The risks from interest rate developments are, amongst other things, a result of the UFR, since under Solvency II life liabilities are discounted with a curve including the UFR. In current market conditions, the application of the UFR results in an increase of interest rates used for the Solvency II valuation of the technical provisions for maturities of 20 years or longer. Application of the UFR makes the valuation of the technical provisions less sensitive to interest movements. The UFR is set by the European Insurance and Occupational Pensions Authority (**EIOPA**) which may take into account, among other factors, interest rates, which are at a historically low level, and inflation. EIOPA evaluated the level of the UFR for insurance companies and set out a methodology for the use of a more dynamic UFR which would result in a decreasing UFR for the coming years. A lower level of UFR used in the calculation of the Solvency II regime would result in higher valuation of the insurance liabilities and lower own funds, which may in turn materially and adversely affect the Group's business, revenue, results and financial

condition. For example, based on management estimates as at 30 June 2019¹, a 1 percentage point decrease in the UFR would be expected to result in a negative impact of 26 percentage points on the Group's Solvency II. If the Group is not able to adequately comply with the Solvency II requirements, this could have a material adverse effect on its business, solvency, results and financial condition. As at 1 January 2020 EIOPA will further lower the UFR by 15bp to 3.75%.

In addition, the Group monitors its interest rate risk on a monthly basis. The Group's interest rate policy is primarily aimed at reducing the sensitivity of the Solvency II ratio, but the interest rate position might also be assessed from the viewpoint of a moderate UFR or no recognition of the UFR. In a low interest rate environment this may lead to increased sensitivities of the Solvency II ratio which may result in a decrease of the Group's Solvency II ratio.

Sustained low interest rate levels have had, and could continue to have, a material adverse effect on the Group's business, revenues, results and financial condition. Interest rates used under Solvency II to value technical provisions could be higher than realised investment returns due to the application of the UFR. EIOPA could lower the UFR to be closer to actual rates with an immediate negative impact on own funds through the increase of the required Solvency II technical provisions.

Rising interest rates could reduce the value of fixed-income investments held by the Group, increase policy lapses and withdrawals, and increase collateral requirements under the Group's hedging arrangements, which could have a material adverse effect on the Group's business, revenues, results and financial condition

If interest rates rise, the value of the Group's fixed income portfolio may decrease. Additionally, the Solvency II technical provisions may decrease, but due to the obligatory use of the UFR, the change in the Solvency II technical provisions may not offset the decrease in the value of fixed-income investments. Furthermore, rising interest rates could cause third parties to require the Group to post collateral in relation to its interest rate hedging arrangements. In periods of rising interest rates, policy lapses and withdrawals may increase as policyholders may believe they can obtain a higher rate of return in the market place. See also "Incorrect 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". In order to satisfy the resulting obligations to make cash payments to policyholders, the Group may be forced to sell assets at reduced prices and thus realise investment losses.

In the case of unit linked policies, an increase in withdrawals would result in a decrease in the Group's assets under management (**AuM**), which would result in reduced fee income as the Group's fee income is typically linked to the value of the AuM. This would in turn reduce profitability and could adversely affect the Group's ability to implement its business plan or distribute capital.

The occurrence of any of the risks set out above could have a material adverse effect on the Group's business, revenues, results and financial condition.

Credit and Concentration Risk

The Group's business, revenues, results and financial condition are exposed to changes in legislation applicable to the housing market in the Netherlands and the Group's residential retail and commercial mortgage portfolio is exposed to the risk of default by borrowers and to declines in real estate prices

¹ At which time the UFR set by EIOPA was 3.90%.

Various restrictions have been introduced in the Netherlands with respect to mortgage lending and the tax treatment of the mortgage loans. These restrictions may reduce the size of and income earned from the Group's total mortgage portfolio significantly.

One of the restrictions concerns mortgage loans with the benefit of a government guarantee (*Nationale Hypotheekgarantie, NHG*). The maximum loan amount for mortgage loans, which receive the benefit of a government guarantee, has been increased to €290,000 as of 1 January 2019. Furthermore, the maximum loan amount for each newly issued mortgage loan which receives the benefit of a government guarantee will, on a monthly basis as from origination, be reduced by an amount which is equal to the amount of the monthly repayments plus interest as if that mortgage loan were to be repaid on a thirty-year annuity basis. Also the maximum amount of a mortgage loan has been limited. From 1 January 2018, the maximum allowed amount of a mortgage loan in relation to the value of the property is 100%. Any new restrictions on the government guarantee and/or lowering of the loan-to-value (**LTV**) ratio may put pressure on the total outstanding volume of mortgage loans in the Netherlands which could decrease the size of the mortgage portfolio of the Group or the amount of government guaranteed mortgages originated by the Group. The Group's mortgage portfolio consists of, as compared to other lenders, a relatively large proportion of government guaranteed mortgages.

Furthermore, in recent years, restrictions have become applicable to the tax deductibility of mortgage loan interest payments in the Netherlands. Traditionally, the Dutch tax system allows customers to deduct, subject to certain limitations, mortgage loan interest payments for owner-occupied residences from their taxable income (for a maximum of 30 years). As of 1 January 2013, interest deductibility in respect of mortgage loans originated after 1 January 2013 is only available in respect of mortgage loans which amortise over 30 years or less and are repaid on at least an annuity basis. As from 1 January 2014, the tax rate against which the mortgage loan interest payments may be deducted will gradually reduce. As at 1 January 2019, the maximum rate at which deduction takes place is 49%. On 17 September 2019 the Dutch government published its Tax Plan 2020, which included several changes to the tax system. From 2020, only two brackets with regard to income tax remain in place, 37.35% (further reduced to 37.10% from 2021) and 49.5% as well as an additional lower bracket of 19.45% (further reduced to 19.20% from 2021) which will apply to individuals who have reached the state pension age. The mortgage interest deduction will decrease by 3 percentage points per year until a level of 37.05% is reached for each tax payer. This is expected to be achieved in 2023. As of 1 January 2020, the maximum deduction of mortgage interest will be decreased more quickly than the current 0.5 percentage points per year. From 2020 onwards, the maximum deduction will decrease by 3 percentage points per year to 37.05% in 2023.

The increasing restrictions applicable to the mortgage lending and the tax treatment of the mortgage loans may, among other things, have a material adverse effect on new origination, house prices and the rate of economic growth and may result in an increase of defaults or higher prepayment rates, as both will result in less earnings comprised mortgage loans. Also, borrower non-payments when due, payment disruptions or borrower defaults, e.g. in case of annuity mortgage loans, due to gradually increasing principal payments, or as a result of increasing interest rates (at future reset dates), may have a material adverse effect on the rate of economic recovery of the mortgage loans which would have a negative effect on the Group's large mortgage portfolio.

The Group is exposed to the risk of default by borrowers under these mortgage loans. Borrowers may default on their obligations due to bankruptcy, lack of liquidity, downturns in the economy generally or declines in real estate prices, operational failure, fraud or other reasons. The value of the secured property in respect of these mortgage loans is exposed to decreases in real estate prices, arising for instance from downturns in the economy generally, oversupply of properties in the market, and changes

in tax regulations related to housing (such as the decrease in the deductibility of interest on mortgage payments). Furthermore, the value of the secured property in respect of these mortgage loans is exposed to destruction and damage resulting from floods and other natural and man-made disasters. Damage or destruction of the secured property also increases the risk of default by the borrower. For the Group, all of these exposures are concentrated in the Netherlands because the mortgage loans have been advanced, and are secured by commercial and residential property, in the Netherlands.

For the purposes of available (regulatory) capital of the insurance business, mortgage loans are valued at fair market value and are therefore exposed to interest rate, prepayment, credit spread and credit default risk. For instance, the model valuation of mortgage loans includes spreads observed in the markets for newly issued mortgage loans. If these spreads increase, the modelled value of the mortgage loans will decrease and will cause decreases in the Group's available (regulatory) capital. Furthermore, if economic conditions in the Netherlands deteriorate (including due to increases in unemployment and property price declines), the fair value of the Group's mortgage loan portfolio may decrease. An increase of defaults, or the likelihood of defaults under, the Group's mortgage loans, or a decline in property prices in the Netherlands, has had, and could have, a material adverse effect on the Group's business, revenues, results and financial condition.

The Group's savings-linked product portfolio includes both contracts linked to mortgages originated by the Group, as well as contracts linked to mortgages originated by third parties. For savings-linked products linked to mortgages originated by third parties (and not transferred to the Group), the mortgage loan is not reflected on the Group's balance sheet. When the Group sells a savings-linked product linked to a mortgage originated by a third party, it generally enters into a loan arrangement with that third party with a nominal value equal to the value of the savings-linked contract and at an interest rate linked to the interest rate of the underlying mortgage. As of 30 June 2019, the amortised cost of this loan portfolio amounted to €2,815 million. The Group tries to limit its credit risk to third parties through various measures. In respect of approximately 44% of the loan portfolio the counterparties are special purpose vehicles and for approximately 53% the Group has cession-retrocession agreements with its counterparties.

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 material adverse effect on its business, revenues, results and financial condition

Credit risk refers to the potential losses incurred by the Group as a result of debtors not being able to fulfil 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, including sovereigns and financial institutions, 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 (including sovereigns), trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, exchanges, clearing houses, and other financial intermediaries as well as insurance 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 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. The single obligor targets, which are set in accordance with Solvency II guidelines, apply to the total investment portfolio and cap the total exposure per counterparty name. A Default by one or more counterparties or investments in which the Group has taken large positions could have a material adverse effect on the value of the Group's assets and on the Group's business, revenues, results and financial condition.

The Group is exposed to counterparty risk in relation to other financial institutions, sovereigns and other counterparties. Deteriorations in the financial soundness of other financial institutions, sovereigns and other counterparties 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 Group 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 meet 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 its obligations at the time of the default. The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution, or a sovereign, 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 have a material adverse effect on 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. Despite increased focus by regulators around the world on 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.

General Risks Relating to the Group's Business

If the Group is unable to successfully implement its strategy, or if the Group's strategy does not yield the anticipated benefits, this may have a material adverse effect on the Group's business, revenues, results and financial condition and the Group may not achieve its targets

The Group's strategy aims to meet customer needs, demonstrate pricing and underwriting discipline, operate in a cost effective manner and maintain a solid financial framework as a basis for a sustainable business. If the Group's strategy is not implemented successfully or if the Group's strategy does not yield the anticipated benefits, this could have a material adverse effect on the Group's business, revenues, results and financial condition and the Group may be unable to achieve its targets. Furthermore, should the opportunity arise, the Group may strive to achieve its strategy through joint ventures, alliances,

acquisitions and/or divestments of businesses, operations, assets and/or entities and has recently made a number of acquisitions and divestitures and intends to do so in the (near) future. Under the Group's current acquisition policy, acquisitions must meet internal hurdle rates (such as return on investment (ROI) targets) and are assessed based on other factors such as the potential for sufficient scale, scope and/or strategic benefit. Divestment transactions and acquisitions, may divert management attention and involve complexities and time delays, for example, in terms of integrating and/or merging businesses, operations and entities, and targeted benefits may therefore not be achieved or be delayed. Future acquisitions could also require, the issuance of equity, which would have a dilutive effect on the ownership and voting percentages of the Group's shareholders. Any failure by the Group to properly value or complete transactions, could harm the Group's profitability and financial position.

In addition, the Group intends to continue to explore and pursue opportunities to strengthen and grow its business, including through the expansion of its third-party asset management business, which may involve the launch of new products. When seeking to expand its business, the Group may incur risks that may be material including, among other things, the risks described in the paragraph below.

The Group may need to spend substantial time, money and other resources developing new products and services or improving offerings, such as in relation to third-party asset management, capital light pension solutions, commercial insurance for Property and Casualty (P&C) (specifically towards mid-sized corporates) and cross-selling initiatives. If these products, services or improved offerings are not successful, not as innovative as envisaged or not sufficiently tailored to customer needs, the Group may miss a potential market opportunity and will not be able to offset the costs of such initiatives, which may have a materially adverse effect on the Group's income, revenues and/or cost base. Furthermore, the Group may develop new products and services that are not or are not sold in compliance with applicable rules or regulations. The Group may incur losses, fines, claims, regulatory action and reputational damage as a result thereof. The Group may enter or increase its presence in markets that already possess established competitors who may enjoy the protection of barriers to entry. The Group may offer new products and services, or improve products and services being offered, which may require substantial time and attention of its management team, which could prevent the management team from successfully overseeing other initiatives. The Group may become subject to new or stricter regulatory requirements, or the supervision by new supervisory authorities or existing supervisory authorities may increase its administrative, operational and management expenses (including management attention and time) to comply with such new or stricter requirements and supervision. Finally, the Group may not be able to identify new business opportunities.

The Group may be required to spend substantial time, money and other resources to improve operational and administrative processes, including with respect to the rationalisation of the number of administrative systems, the implementation of information and communications technology (ICT) solutions in order to improve the robustness of systems and reduce the fixed proportion of the cost base, and to increase services to customers in order to improve customer satisfaction and retention rates. If these initiatives are not successful or are less successful than envisaged, the Group may not be able to achieve its targets and may not be able to offset the costs of such initiatives, which may have a materially adverse effect on the Group's income, revenues and/or cost base.

If one or more of the assumptions that the Group has made in setting its targets are inaccurate, the Group may be unable to achieve one or more of its targets

The strategy and targets of the Group are based on assumptions and expectations, including but not limited to macroeconomic developments, interest rates, revenue, expenses and cost of risk, which may not prove to be valid and many of which are outside the control of the Group. If one or more of the

assumptions that the Group has made in setting its targets are inaccurate, or if one or more of the risks described in this section or an unforeseen risk occurs, the Group may be unable to achieve one or more of its targets.

Sales of life insurance products in the Netherlands have been declining since 2008. Further declines in sales volumes could, over time, lead to a further decline of the Group's Life insurance portfolio and, if the Group is unable to adjust its cost base, have a material adverse effect on the Group's business, revenues, results and financial condition

The Group's Life insurance business is shrinking and in recent years the Group has reduced its product offerings in respect of life insurance. More generally, sales of life insurance products in the Netherlands have declined significantly since 2008; the total market for life insurance products decreased from €26.2 billion gross written premiums (**GWP**) in 2008 to €11.9 billion in 2018 (*source: the Dutch Central Bank (De Nederlandsche Bank, DNB)*). Additionally, there has been a decline in intermediaries selling Individual life products. When stock markets began to decline commencing in 2006, unit-linked products became less attractive due to their lower returns for policyholders. These lower returns triggered a discussion on costs and cost transparency issues and resulted in negative publicity and litigation. See also "ASR Nederland N.V. — Litigation" and "Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition". In its sector-wide investigation report of 2008, the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten, AFM*) estimated that in the Netherlands, in total, up to and including 2005, approximately 7.2 million individual unit-linked retail policies had been sold, while volumes of such policies sold decreased rapidly thereafter due to the negative publicity associated with them. Legislative changes introduced in 2008 have enabled banks to offer bank annuity products that compete with life insurance products and benefit from the same tax efficiency as mortgage or pension-related Individual life insurance products. Since 2013, the sale of new bank annuity products has started to decline due to the fact that mortgage products are now mainly linear or annuity mortgage products, limiting the need for bank savings products. Further declines in such sales volumes, in particular if the Group is unable to reduce costs in line with any such decline in life insurance portfolios, including by increasing the share of variable expenses while lowering fixed costs, or to maintain the retention rate of existing customers, could lead to a further decline of its life insurance portfolio and have a material adverse effect on the Group's business, solvency condition, revenues, results and financial condition.

The Group operates in a changing environment and faces significant competition from other insurers and non-insurance financial services companies such as banks, independent insurance brokers and asset managers, as well as new entrants that offer the same or similar products and services. Changes in customer behaviour, technology and regulation may lead to negative volume developments based on different business models if the Group is unable to adapt successfully

There is substantial competition in the financial services industry based principally on price, product features, commission structures, financial strength, claims-paying ability, ratings, administrative performance, support services and name recognition. The Group faces intense competition from a large number of insurance companies and non-insurance financial services companies such as banks, broker-dealers and asset managers, regarding the delivery of products to individual customers, pension funds

and intermediaries. The Dutch insurance markets are mature and a substantial portion of the addressable market is already served by one or more companies, which limits the organic growth potential of insurance companies in the Netherlands. In addition, some of the Group's competitors may have greater financial, technical and operating resources, lower capital requirements or have more established and diversified operations in terms of product range, distribution channels and geographic spread or offer alternative products, more efficient service delivery or more competitive pricing than the Group. The recent economic downturn has resulted in important changes in the competitive landscape in which the Group operates including increased consolidation, and further changes can be expected. An increased level of consolidation could enhance the competitive position of some of the Group's competitors by broadening their product and services ranges and increasing their distribution channels and their access to capital. The developments described above, if they occur, may put the Group's margins (profitability and solvency) and premium income under pressure (see also "The Group relies on its network of intermediaries in the Netherlands to sell and distribute many of its products and may not be able to maintain a competitive distribution network"). If any of the Group's competitors were to realise one or more of these advantages, it would put additional pressure on the Group's margins.

At the same time, changes in customer behaviour, changes in customer demand (and the shrinking insurance market, particularly the life insurance market, in the Netherlands), technological changes, including those affecting the distribution channels, regulatory changes, including with respect to capital requirements, and other factors also affect competition and will require the Group to adapt. In addition, the current market is characterised by extensive competition and by growing customer attention to prices. This pressure can manifest itself in an increase in non-life policy cancellations, loss of retention in the Life insurance business, a drop in sales of new insurance contracts and limited scalability of departments. Consumer demand, technological changes, regulatory changes and actions and other factors also affect competition. Generally, the Group could lose market share, incur losses on some or all of its activities and experience lower growth, if it is unable to offer competitive, attractive and innovative products and services that are also profitable, does not choose the right product offering or distribution strategy, fails to implement such a strategy successfully or fails to adhere or successfully adapt to such demands and changes.

Regulatory changes can also open up new areas of competition in the Netherlands. For instance, as from 2016 pension funds and insurance companies are permitted to start APFs (as defined below), opening a sector of the pension market to insurers. Any further regulatory changes resulting in pension funds being allowed to service markets currently primarily serviced by insurance companies could further alter competitive positions as the pension funds have strong, recognised brands that are synonymous with reliability, trustworthiness and financial stability. In addition, the pension schemes of many pension funds are executed by financial and insurance companies which these pension funds own or closely co-operate with. This means that pension funds could also provide these closely related financial institutions and insurance companies with easy access to a large number of participants and pensioners. Furthermore, pension funds are not subject to the same prudential supervision and solvency restrictions as insurance companies. The final text of the Institutions for Occupational Retirement Provision II Directive (**IORP II Directive**) was published in the Official Journal of the EU on 23 December 2016. The new rules entered into force on 12 January 2017 and Member States had two years from then to transpose it into national law.

Over the last decade, online retail spending has increased rapidly. In the Netherlands, total online spending rose from about €3 billion in 2005 to about €24 billion in 2018 (*source: CBS and Thuiswinkel.org*). In total, this represents 17% of all consumer spending on products (*source: CBS and Thuiswinkel.org*). The impact of the increasing demand for online retail services and products differs per sector, but if online sales continue to grow rapidly in the future this could lead to a decreased demand for

brick-and-mortar retail facilities, which could negatively impact the value of the Group's retail real estate portfolio.

If the Group does not manage to respond quickly and adequately to changes in customer behaviour, technology and regulation, for example by entering new or growing existing successful business lines, then the Group's business might shrink and become less profitable. Generally, the Group could lose market share, incur losses on some or all of its activities and experience lower growth, if it is unable to offer competitive, attractive and innovative products and services that are also profitable, if it does not choose the right product offering or distribution strategy, if it fails to implement such a strategy successfully or fails to adhere or successfully adapt to consumer demands and changes as well as regulatory demands and corresponding costs.

In addition, the Group's competitive position could be materially adversely impacted if it is unable to reduce and/or control its operating expenses, and as a result it is unable to follow the market in offering lower prices, causing its products to lose their competitiveness. Any increase in competition could result in increased pressure on product pricing and commissions on a number of products, which could, in turn, have a material adverse effect on the Group's results and harm its ability to maintain or increase its market share.

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

The Group relies primarily on intermediaries for distribution of products in the small- or medium-sized enterprise (SME) market. In the retail segment, customers' preferences are shifting to online distribution, for which the Group has positioned Ditzo (through which the Group sells health and P&C insurance). Even taking into account this shift towards online distribution, the majority of the products and services of the Group continues to be distributed through its network of intermediaries (insurance as well as banking and savings products).

Advisers and mandated brokers in the Netherlands are independent of the Group. In addition, the Group does not have exclusivity agreements in place with Dutch intermediaries so intermediaries are free to offer products from other insurance companies as well, and there is no obligation for them to give precedence to the Group's products. An intermediary assesses which companies are suitable for its customers by considering, among other things, price, 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 unsatisfactory assessment by an intermediary of the Group and its products based on any of these or other 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. There is a possibility that further cancellation of and/or rules relating to transparency regarding commissions and bonuses for intermediaries will be introduced in the future. Such developments may lead to unrest and uncertainty for the intermediaries and in such circumstances they will have to adapt their business models quickly. The risk for the Group is that its intermediaries may no longer be viable and overall activity levels and portfolio size could significantly decrease.

Developing technologies are accelerating the introduction and prevalence of alternative distribution channels, particularly the internet. Such alternative distribution channels may also increase the possibility that new competitors whose competencies include the development and use of these alternative distribution channels may enter the markets in which the Group operates. For instance, relative to more traditional distribution channels, the sale and distribution of non-life insurance products through comparative price websites has increased. It is possible that the Group may experience a similar trend in relation to the sale and distribution of life insurance products. Although the Group has strategies in place to benefit from such alternative distribution channels, including through Ditzo, it may not be able to obtain or maintain a competitive share of these distribution channels and its overall market share and competitive position may decrease as a result. Moreover, the Group is not able to accurately predict the extent to which such alternative distribution channels will replace or otherwise impact traditional distribution channels (such as intermediaries), or what effect this may have on the Group's business. A decline in the use of the intermediary channel could affect the Group's ability to distribute its products as well as the operations of its Distribution and Services segment, including Van Kampen Groep Holding B.V. and its subsidiaries (collectively, **VKG**) and Dutch ID B.V. and its subsidiaries (collectively, **Boval**). For additional information, see "ASR Nederland N.V."

Among other factors, regulatory changes and the accelerating introduction of alternative distribution channels, methods and platforms, including future changes in the intermediaries market structure, are also blurring the boundaries between several markets in which the Group operates (including the insurance, investment management and banking markets). This has led, and may continue to lead, to increased competitive pressures within these markets. Although this may also present new opportunities for the Group, those opportunities may require expertise and experience that the Group may not have, or may not be able to timely develop or procure. As a result, the Group may not succeed in defending its competitive position, or may not succeed in exploiting such new opportunities, each of which may have a material adverse effect on its business, revenues, results and financial condition.

A failure by the Group to maintain a competitive distribution network could have a material adverse effect on the Group's business, revenues, results and financial condition.

The Group's business, revenues, results and financial condition are exposed to mandated brokers

The Group has outsourced part of its acceptance, administration and claims handling processes to mandated brokers. The Group's contracts with mandated brokers generally can be terminated annually as of 1 January of the upcoming year with four months' notice by either party or immediately for serious cause. Mandated brokers are required to comply with terms and to act within limits specified in bilateral agreements, compliance with which is periodically monitored by the Group. Non-compliance may lead to the above-mentioned processes not being up to Group standards. Possible examples are acceptance of bigger than average risks and claims "leakage". Furthermore, mandated brokers may decide to move part or all of their policies insured at the Group to another insurer. These developments, if they occur, could have a material adverse effect on the Group's business, revenues, results and financial condition.

Market Risks Relating to the Group's Business

The Group's investment management business is complex and a failure to properly perform asset management services could have a material adverse effect on the Group's business, revenues, results and financial condition

The Group's investment management and related activities include, among other things, portfolio management, investment advice, fund administration and fiduciary services. In order to be competitive,

the Group must properly perform its administrative, asset management and related responsibilities, including record keeping, accounting, valuation, corporate actions, compliance with investment guidelines and restrictions, daily net asset value computations, account reconciliations, use of derivatives for hedging and required distributions to fund shareholders. For investments held for the Group's own account, the Group has issued mandates in respect of equities (US and emerging markets), fixed income, mortgages and alternative investments (private equity) to third parties. As at 30 June 2019, these mandates issued to third parties in relation to investments held for the Group's own account comprised €1,105 million of AuM (€649 million of equities and €456 million of alternative investments). Furthermore, investments on behalf of policyholders and investments in relation to a number of pension contracts are managed by external asset managers. Failure by the Group to properly perform and monitor its investment management operations could lead to, among others, investments being made in breach of the mandates given by customers, poor investment decisions and poor asset allocation, the wrong investments being bought or sold or the incorrect monitoring of exposures as well as possible erosion of the Group's reputation or liability to pay compensation, existing customers withdrawing funds and potential customers not granting investment mandates, which could lead to a decrease in fee income. If the Group is able to grow its asset management business at the rate it currently intends, its exposure to these risks, and therefore also the risk of reputational damage and third-party claims, may increase. Any such failure could have a material adverse effect on the Group's business, revenues, results and financial condition. See also "If the Group is unable to successfully implement its strategy, or if the Group's strategy does not yield the anticipated benefits, this may have a material adverse effect on the Group's business, revenues, results and financial condition and the Group may not achieve its targets."

The Group is also exposed to risks associated with the management of investments which might lead to a material loss for one or more of its customers (including third-party customers, as well as the Group's Life insurance and pensions business). For example, failure to define properly the investment remit applicable to customer assets as a result of unclear agreed guidelines or inaccurate recording of customer communications could lead to investments being made in breach of the mandate given by customers. Similarly, failure to manage the investment process could lead to poor investment decisions and poor asset allocation, the wrong investments being bought or sold or the incorrect monitoring of exposures, as well as a possible erosion of the Group's reputation or liability to pay compensation. Failures of this nature could also lead to existing customers withdrawing funds and potential customers not granting investment mandates, which could have a material adverse effect on the Group's business, revenues, results and financial condition.

Investment underperformance of the Group's AuM may cause existing customers to withdraw funds, affecting the investment fees of the Group, and cause potential customers not to grant investment mandates

As of 30 June 2019, the Group had a total investment related balance sheet of €68.5 billion, consisting of €59.4 billion of investments (including Other Assets) and €9.2 billion of investments on behalf of policyholders. 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 management of the particular fund. This also holds true in relation to certain investment products sold by the Group's Life insurance and Pension businesses. In the event that the Group does not provide satisfactory or appropriate investment returns, underperforms in relation to its competitors, does not sell an investment product which a customer requires or loses its key investment managers, existing customers may decide to reduce or liquidate their investment or, alternatively, transfer their mandates to another investment manager impacting the investment fees of the Group. In addition, potential customers may decide not to grant investment mandates. Any of these developments,

if they materialise, could have a material adverse effect on the Group's business, revenues, results and financial condition.

The Group's exposure to fluctuations in the equity, fixed income and property markets could result in a material adverse effect on its returns on invested assets, including assets in 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. As at 30 June 2019, the Group's own risk asset portfolio amounted to €47.9 billion (excluding Other Assets), of which 67% consisted of fixed income securities, 5% equity investments, 14% mortgages or other loans, 9% property investments and 4% cash (equivalents) for investments. 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 Group's financial condition and the Group's ability to attract or conduct new business.

The Group is exposed not only in respect of its own capital invested in equities, fixed income assets and property but also in respect of its liabilities to policyholders in respect of the funds of policyholders and other customers invested in equities, fixed income assets and property under life insurance contracts such as unit-linked products and investment contracts. As at 30 June 2019, the Group has guaranteed a minimum return on €1.7 billion of its total unit linked liabilities.

Many of the Group's life insurance products, e.g. defined benefit (DB) products, guarantee a minimum investment return or minimum accumulation at maturity to the policyholder. In the event that the decline in value of the invested assets is greater than the decline in liabilities associated with the guaranteed benefits, the Group must increase its provisions formed for the purpose of funding these future guaranteed benefits, which will have an adverse impact on the Group's results.

In addition, the Group's revenues from unit-linked products (including those without minimum guarantees) and investment contracts depend on fees paid by the customer. Because those fees are generally assessed as a percentage of AuM, they vary directly with the market value of such assets. Therefore, a general decline in financial markets, including in particular equity markets, will reduce the Group's revenues under these contracts.

A downgrade or a potential downgrade in the Group's credit or financial strength ratings could have a material adverse effect on the Group's ability to raise additional capital, or increase the cost of additional capital, and could result in, amongst others, a loss of existing or potential business (including customer withdrawals), lower AuM and fee income and decreased liquidity, each of which could have a material adverse effect on the Group's business, revenues, results and financial condition

In general, credit and financial strength ratings are important factors affecting public confidence in insurers, and are as such important to the Group's ability to sell its products and services to existing and potential customers. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. On an operating subsidiary level, financial strength ratings reflect the opinions of rating agencies on the financial ability of an insurance company to meet its obligations under an insurance policy, and are typically referred to as "claims-paying ability" ratings.

The following Subsidiaries are the only operating companies of the Group with a financial strength rating:

- ASR Schadeverzekering N.V. has an A rating from S&P for both the financial strength and the credit rating (last updated 18 July 2019, when S&P regarded the outlook as “stable”);
- ASR Levensverzekering N.V. has an A rating from S&P for both the financial strength and the credit rating (last updated 18 July 2019, when S&P regarded the outlook as “stable”); and
- The Issuer has a rating of BBB+ from S&P (last updated 18 July 2019, when S&P regarded the outlook as “stable”), reflecting the structural subordination of holding company creditors to operating company policyholders.

Rating agencies review insurers’ ability to meet their obligations (including to policyholders and their creditworthiness generally) based on various factors, and assign ratings stating their current opinion in that regard. While most of the factors are specific to the rated company, some relate to general economic conditions, intercompany dependencies and other circumstances outside the rated company’s control. Such factors might also include a downgrade of the sovereign credit rating of the Netherlands as rating agencies typically take into account the credit rating of the relevant sovereign in assessing the credit and financial strength ratings of corporate issuers (even if the sovereign does not have an ownership interest in the relevant issuer). Rating agencies have increased the level of scrutiny that they apply to financial institutions, have increased the frequency and scope of their reviews, have requested additional information from the companies that they rate, and may adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. The Group may need to take actions in response to changing standards or capital requirements set by any of the rating agencies, which may not otherwise be in the best interests of the Group. The Group cannot predict what additional actions rating agencies may take, or what actions the Group may take in response to the actions of rating agencies. The outcome of such reviews may have adverse ratings consequences, which could have a material adverse effect on the Group’s business, revenues, results and financial condition.

A downgrade of the Group’s or its operating Subsidiaries’ credit or financial strength ratings, and a deteriorating capital position, in each case relative to the Group’s competitors, could affect the Group’s competitive position as comparative ratings are one of the factors typically considered by potential customers and third-party distributors, in selecting an insurer. Tied agents make a similar choice when they agree to become tied to an insurer. A downgrade of an insurer’s credit or financial strength ratings may also contribute to the decision of a tied agent to terminate its relationship with that insurer and move to another insurer. Such a downgrade may also lead to increased withdrawals, lapses of life insurance policies by existing customers as they may elect to move their business to insurers with higher ratings. A downgrade in the Group’s credit ratings or in any of its operating Subsidiaries’ financial strength ratings could thus lead to a decrease in the Group’s AuM, lower fee income, and decreased liquidity. In addition, a downgrade could reduce public confidence in the Group and its operating insurance company Subsidiaries and thereby reduce demand for its products and increase the number or amount of policy withdrawals by policyholders. These withdrawals could require the sale of invested assets, including illiquid assets, at a price that may result in investment losses. Cash payments to policyholders could reduce the value of AuM and therefore result in lower fee income. A downgrade in the Group’s or its operating Subsidiaries’ credit ratings could also (a) make it more difficult or more costly to access additional debt and equity capital, including hybrid capital, or to redeem and replace such capital (b) increase collateral requirements, give rise to additional payments, or afford termination rights, to counterparties under derivative contracts or other agreements, and (c) impair, or cause the termination of,

the Group's relationships with creditors, distributors, reinsurers or trading counterparties, each of which may have a material adverse effect on the Group's business, revenues, results and financial condition.

Insurance Risks Relating to the Group's Business

Natural and man-made disasters, which are inherently unpredictable, as well as other unforeseen events, such as infrastructure failures, could have a material adverse effect on the Group's business, revenues, results and financial condition, including if the actual claims amount incurred by the Group as a result of such events exceeds its established reserves or if the Group experiences an interruption of activities

In its Life and Non-life businesses, the Group is subject to losses from natural disasters as well as man-made disasters and core infrastructure failures. 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 be reserved for when the event has not yet occurred at the reporting date or may not be adequately reserved for when arising under insurance contracts that are in force at the reporting date and an event has occurred before the reporting date. Such events can cause severe material damage and the people involved could be injured or even killed with potential material losses for both the Group's Life and Non-life businesses as a result.

In accordance with industry practices, reserves are established based on estimates using actuarial projection techniques and/or individual claims assessments. 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 reserves for both Life and Non-life, and based on current information the Group believes its reserves are sufficient for both Life and Non-life, there can be no assurances that its actual claims experience will not exceed its estimated reserves. If actual claim amounts exceed the estimated reserves, the Group's earnings may be reduced and net profits may be adversely affected. Furthermore, in some cases, the Group may experience external pressure to pay out under insurance contracts where not legally bound to do so.

In addition, because unforeseeable and/or catastrophic events can lead to abrupt interruption of activities and may endanger the security of the Group's employees, this may subject the Group's insurance and other operations to losses, due to such disruption. 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.

In addition, the business continuity and crisis management plans of the Group's distributors and other third-party vendors, on whom the Group relies for certain distribution and other services and products, may also not be effective in mitigating any negative impact on the provision of such services and products in the event of such a disaster or failure. Claims resulting from such a disaster or failure could also materially harm the financial condition of the Group's reinsurers, which would increase the probability of default on reinsurance recoveries and could also limit the Group's ability to write new business.

The Non-life insurance business has historically been cyclical, characterised by periods of intense competition in relation to price and policy terms and conditions often due to excessive underwriting capacity, resulting in fewer policies written, lower premium rates, increased expenses for customer acquisition and retention, and less favourable policy terms and conditions for the Group, and such cycles may occur again

Insurers that offer Non-life insurance products have historically experienced fluctuations in operating results due to competition, the levels of underwriting capacity, general social, legal or economic conditions and other factors. The supply of insurance capacity is related to, amongst other factors, prevailing prices, the level of insured losses and the level of industry profitability and capital surplus which, in turn, may fluctuate in response to changes in inflation rates, the rates of return on investments being earned by the insurance industry, as well as other social, economic, legal and political changes. As a result, the Non-life insurance business has sometimes been cyclical in the past, characterised by periods of increased competition in relation to price and policy terms and conditions often due to largely available underwriting capacity, as well as periods when shortages of capacity have seen increased premium rates and policy terms and conditions that are more advantageous to underwriters. Increases in the supply of insurance (whether through an increase in the number of competitors, an increase in the capitalisation available to insurers, or otherwise) and, similarly, reduction in consumer demand for insurance, could have adverse consequences for the Group, including fewer contracts written, lower premium rates, increased expenses for customer acquisition and retention, and less favourable policy terms and conditions for the Group, any of which could have a material adverse effect on the Group's business, revenues, results and financial condition. Although the Group may be able to control certain of these factors, its Non-life insurance business will be influenced by this cyclical pattern with profitability increasing during periods of lower underwriting capacity, increased premium rates and/or higher quality insured risk, and profitability declining in periods of higher underwriting capacity, decreased premium rates and/or lower quality insured risk. Additionally, market saturation in the non-life market may have additional negative effects which may be particularly visible at the bottom of the cycle.

Incorrect 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 depend to a significant extent on whether its actual experience is consistent with the assumptions and models used at the time the policy was underwritten, when setting the prices for products and establishing the provisions for future policy benefits and claims. These models include actuarial models and use, among others, statistics, observed historical market data, insurance policy terms and conditions, and the Group's own judgement, expertise and experience, and include assumptions as to, among others, the levels and timing of payment of premiums, benefits, claims, expenses, interest rates, credit spreads, investment portfolio performance (including equity market and debt market returns), longevity, mortality, morbidity and product persistency, and customer behaviour (including with respect to lapses or extensions). The Group's risk models also include assumptions as to regulatory capital and other requirements, which are particularly uncertain in the current regulatory environment, which is undergoing significant, and ongoing, changes. Such assumptions are 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, if the data do not accurately estimate the magnitude or impact of events or if the data otherwise proves to be inaccurate (see "Previously unknown risks, so-called "emerging risks", which cannot be reliably assessed, could lead to unforeseeable claims, which could have a material adverse effect on the Enlarged Group's business, revenues, results and financial condition"). From time to time, the Group may need to update its assumptions and actuarial and risk models to reflect actual experience and other new information. The Group therefore cannot determine with precision the amounts that it will pay for, or the timing of payment of, actual benefits, claims and expenses or whether the assets supporting the Group's policy

liabilities, together with future premiums, will be sufficient. If actual experience differs from assumptions or estimates, the profitability of the Group's products may be negatively impacted, the Group may incur losses, and the Group's capital and reserves may not be adequate, and the effectiveness of the Group's hedging programmes may be adversely affected. In addition, the impact of changes to assumptions, actuarial and risk models on the Group's financial reporting will differ depending on applicable accounting and regulatory frameworks. For example, future mortality improvements in the portfolio are estimated based on the mortality improvements defined by the AG (as defined below). Although the Group believes that this is an adequate estimate, there is a risk that the estimate the Group uses for future improvements may prove to be incorrect. Another example is the Group's insurance portfolio which covered buildings which may have contained asbestos. Although the Group sold its corporate insurance portfolio in 2009, some old policies were left within the Group. Although the Group does not expect further claims out of those policies, there is a risk that claims, including asbestos related claims, could arise. This could require the Group to make unanticipated payments, which could have a material adverse effect on the Group's business, revenues, results and financial condition.

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 in selling a product. This may force the Group to sell assets at depressed prices. Lapse risk could have a material adverse effect on the Group's fee income, business, revenues, results and financial condition. To mitigate lapse risk, the Group entered into a mass lapse reinsurance transaction on 21 July 2016. As a result of the Q&A of EIOPA regarding risk mitigated contracts, DNB has prohibited the use of these contracts. DNB and the Issuer agreed on a transitional period to gradually decrease the impact of the mass lapse cover to 0% per year end 2020.

Policyholder behaviours and patterns can be influenced by many factors, including financial market conditions and economic conditions generally. For instance, if an insurance product contains a guaranteed minimum benefit, financial market conditions will determine whether that guarantee is "in the money", "out of the money" or "at the money", depending on whether the guarantee amount is higher, lower or equal to the value of the underlying funds. This in turn may influence the policyholder's decision on whether or not to maintain the policy. By way of example, an equity market decline, decreases in prevailing interest rates, or a prolonged period of low interest rates, could result in the value of the guaranteed minimum benefits being "in the money", in which case the policyholder is less likely to surrender the policy (particularly when the timing of receiving the guaranteed minimum benefit amount is known and is not too far in the future). Factors such as customer perception of the Group, awareness and appreciation by customers of potential benefits of early surrender, and changes in laws (including tax laws that make relevant products more or less beneficial to customers from a tax perspective) can also affect policyholder behaviour. Other factors, less directly related to the product, such as a change in state pensions, an increase or decrease in the preference of consumers for cash at hand, the existence and terms of competing products, and others, may also have an impact on policyholder behaviour.

Changes in longevity, mortality, morbidity, claims frequency and severity or discrepancies between assumed mortality, morbidity, claims frequency and severity and actual mortality, morbidity and claims frequency and severity may have a material adverse effect on the Group's business, revenues, results and financial condition

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

Annuities and group life 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).

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

In addition, the Group's 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 cause these risks to materialise at a greater frequency than currently observed.

The Group sells the WGA-ER product, a private insurance product for partially as well as non-permanently fully disabled employees. As full run off information is limited, managerial judgement is exercised in determining the amounts necessary to provision for longer term recoveries and the outflow to the IVA (*Inkomensvoorziening Volledig Arbeidsongeschikten*), which covers payments for the permanently fully disabled. As from 1 January 2017 the coverage is extended to include "flex" workers on which limited information is available, adding further uncertainty. Although based on the Group's current knowledge; it believes the level of provisions to be adequate; this expert judgement may prove to be wrong in the future.

In valuing its insurance liabilities and in establishing its pricing and reserving standards, the Group uses assumptions to model its future benefit payments, which may be different from the actual benefit payments that will become due in the future if the insured lives are longer than was assumed. To establish these assumptions, the Group makes use of the mortality table of the Dutch Actuarial Society (*Actuarieel Genootschap, AG*). This table is based on data of Statistics Netherlands (*Centraal Bureau voor de Statistiek, CBS*) and includes a trend for future mortality. Based on the difference between the Group's mortality experience and the CBS mortality observations, mortality experience factors are derived. In the case of insufficient (usually because the population is too small) Group data, industry standards (supplied by *Centrum voor Verzekerings Statistiek, CVS*) are used. These assumptions are updated on a yearly basis.

If an updated mortality table reflects lengthened life expectancies, such mortality improvements may increase the expected future benefit payments and thereby decrease the profitability of certain of the Group's life insurance products, which could have a material adverse effect on the Group's business, revenues, results and financial condition. Moreover, a change in assumptions, though it would be reflected over time in the IFRS results, would result in an immediate change in the present value of the liabilities used to determine available regulatory capital and the impact of changes to assumptions tend to be more pronounced when, as is currently the case, interest rates are low. A change in assumptions could result in a material decrease in available regulatory capital, which could have a material adverse effect on the Group's business, revenues, results and financial condition. In the insurance portfolio of the Group, both mortality risks and longevity risks are present. As a result, there is a partial compensating effect when the mortality table is updated. Although the Group believes that its established provisions are adequate, due to the uncertainties associated with such provisions (in particular the risk of life expectancy increasing in the future at a faster rate than expected), there can be no assurance that such provisions will indeed be adequate. Should the provisions appear to 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 Non-life and Health businesses are exposed to claims frequency and severity risks, in particular the risk that more policyholders than anticipated suffer a claim or that claims prove to be more expensive than anticipated. As a result, premiums and provisions may become inadequate. Although the Group believes that its established provisions are adequate, due to the uncertainties associated with such provisions, there can be no assurance that such provisions will indeed be adequate. Should the provisions appear to 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.

A failure to accurately estimate inflation and factor it into the Group's product pricing, expenses and liability valuations could have a material adverse effect on the Group's business, revenues, results and financial condition

A failure to accurately estimate inflation and factor it into the Group's product pricing and liability valuations with regard to future claims and expenses could result in the systemic mispricing of long-term life and Non-life insurance products resulting in underwriting losses, and in restatements of insurance liabilities, which could have a material adverse effect on the Group's business, revenues, results and financial condition.

In the case of expenses, the Group's most significant exposure to inflation risk is in its Life insurance and long-term disability business. With respect to claims, the Group's most significant exposure to inflation risk is in its funeral, disability and long tail P&C insurance policies. Although the property portfolio generally provides a natural inflation hedge, it may not offset the effects of inflation on the Group's business.

A sustained increase in inflation may result in (a) claims inflation (which is an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), expense inflation (which is an increase in the amount of expenses that are paid in the future) and indexation (increase of accrued pension), respectively, coupled with (b) an underestimation of corresponding reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable, and, consequently, actual claims or expense payments that significantly exceed associated insurance reserves, which could have a material adverse effect on the Group's business, revenues, results and financial condition. An increase in inflation may also require the Group to update its assumptions. Updates in assumptions would result in an immediate change in the present value of the claims or expenses, respectively, used to determine available (regulatory) capital and would therefore have an immediate impact on available (regulatory) capital. Changes in assumptions could therefore have a material adverse effect on the Group's business, revenues, results and financial condition.

Previously unknown risks, so-called "emerging risks", which cannot be reliably assessed, could lead to unforeseeable claims, which could have a material adverse effect on the Group's business, revenues, results and financial condition

The term "emerging risks" is used in the insurance industry to refer to previously unknown risks that could cause substantial future losses and, therefore, are of major concern to insurance companies. Even more so than traditional risks, emerging risks are difficult to analyse because they often exist as hidden risks. Insurance premiums for emerging risks are difficult to calculate due to a lack of historical data about, or experience with, such risks or their consequences. At present, the consequences of potential

worldwide climate change are considered emerging risks. There is a wide scientific consensus, and a growing public conviction, that globally increasing emissions of greenhouse gases, especially carbon dioxide, are causing an increase in average worldwide surface temperatures. This increase in average temperatures could change weather patterns and increase the frequency of hurricanes, floods, droughts and forest fires, and could cause sea levels to rise due to the melting of the polar ice caps. Other examples of emerging risks which could affect the Group are demographic changes (such as the aging of the population), transition to a climate-neutral economy, cybercrime, epidemics and pandemics, job related diseases (e.g. asbestos), and risks that may arise from the development of nanotechnology and genetic engineering.

Despite its efforts at early identification and continuous monitoring of emerging risks, the Group cannot give any assurance that it has been or will be able to identify all emerging risks and to implement pricing and reserving measures to avoid or minimise claims exposure to them. Defects and inadequacies in the identification and response to emerging risks could lead to unforeseen policy claims and benefits and could have a material adverse effect on the Group's business, revenues, results and operations.

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 several of its business lines. These reinsurance agreements are designed to spread the risk and mitigate the effect of claims. The amount of the retained risk depends on an evaluation of the specific risk, which is subject, in certain circumstances, to maximum limits based on the characteristics of coverage. Under the terms of these reinsurance agreements, the reinsurer agrees to reimburse the Group for the ceded amount in the event that the Group has to pay out the ceded claim to a policyholder. A default by a reinsurer to which the Group has material exposure could expose the Group to significant (unexpected) losses and therefore have a material adverse effect on its business, revenue, results and financial condition.

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 have a material adverse effect on its ability to write future business and expose it to higher levels of losses or be forced to attract additional capital or to lower dividends. In addition, the Group determines the appropriate level of primary insurance and reinsurance coverage based on a number of factors and from time to time decides to reduce, eliminate or decline coverage based on its assessment of the costs and benefits involved. Any decreases in the amount of reinsurance coverage may increase the Group's risk of loss and increase required capital. Any of these risks, should they materialise, may have a material adverse effect on the Group's business, revenues, results and financial condition.

For basic health insurance, interdependencies exist with other insurance companies because of the Dutch national healthcare funding and equalisation system. Further interdependencies exist because of bi- or multilateral arrangements with specific companies. As a result, the Group's business, revenues, results and financial condition may be adversely affected by market wide developments, changes to national healthcare policies or developments specific to some other insurers

The Dutch market for basic healthcare insurance is funded through two streams of income: approximately half of the revenues comes from the risk equalisation system funded by tax incomes and the other half of the revenues comes from premiums from customers. The incomes from the risk equalisation carry an amount of uncertainty up to four years after the insured period at which point they

are finally settled. This is due to the fact that the benefits from the risk equalisation depend on the actual costs of health claims of all Dutch health insurers combined. The actual incomes for the Group are therefore difficult to forecast. In addition, as in all insurer markets, it is possible that claims from customers exceed the forecast of the Group. As a result, the Group's health insurance business, revenues, results and financial condition may be materially and adversely affected by market wide developments or developments specific to some other insurers.

Procurement of care from health care providers is an important determinant of the actual costs of the Group's health insurance and as a result an important determinant of the profitability of the Group's health insurance operations. As of 2018, the Group ceased the collaboration with Multizorg and jointly procures with DSW.

Liquidity Risk

Lack of liquidity at the holding company level and lack of liquidity for operating entities, along with the inability to upstream capital and liquidity from Subsidiaries to the holding entity are risks to the Group's business and may have a material adverse effect on the Group's business, revenues, results, ability to upstream dividends and financial condition

The Group is subject to the risk that it cannot meet its payments and collateral obligations when due without significant losses or at all. In case of an increase in interest rates, the value of interest rate derivatives could decrease, leading to a substantial higher collateral obligation. The Group is also subject to the risk of not being able to meet expected or unexpected current or future cash outflows or collateral needs without affecting the financial condition of the Group. The Group is subject to the risk that it cannot create liquidity by lending or sell an asset without significantly affecting the market price of the asset due to insufficient demand, and to the risk of market disruption, changes in applicable haircuts and market value or uncertainty about the time required to sell an asset or exit a trading position.

The lack of liquidity in certain investment assets could prevent the Group from selling investments at fair prices in a timely manner. 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 generally reduce the liquidity of investments during the period of market disruption. They may also reduce the liquidity of those assets which are typically liquid, as has occurred with markets for asset-backed securities relating to property assets and other collateralised debt and loan obligations. The Group holds certain assets that have low liquidity, such as privately placed fixed income securities, commercial and residential mortgage loans, asset-backed securities, government bonds of certain countries, private equity investments and real estate. Due to the lack of liquidity in the capital markets for certain assets, which may intensify and affect previously liquid assets during times of market disruption, 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.

Furthermore, the Group is a holding entity and its liquidity depends on the ability to upstream capital and liquidity from its Subsidiaries. The Group is also dependent on dividend payments by its Subsidiaries to service its debt and expenses. Payments of dividends to the Group by its Subsidiaries may be restricted by applicable laws and regulations, including laws establishing minimum solvency and liquidity thresholds. For instance, dividend distributions by the operating insurance companies may not be permitted by the DNB. In addition to restrictions as a result of applicable laws and regulations for payment of dividends by Subsidiaries, dividend upstreams may also become restricted because of the

Group's own policies, such as taking into account additional considerations with respect to capital, leverage and liquidity requirements, other requirements or constraints, strategy, future income, profits, resources available for distribution, financial conditions, growth opportunities, the outlook of the Subsidiary, its short-term and long-term viability, general economic conditions and any circumstances that the Executive Board (as defined below) may deem relevant or appropriate, including additional capital and liquidity buffers deemed adequate in furtherance of the Subsidiary's moderate risk profile. Further, the Group has a large derivatives portfolio, which could require it to post (additional) collateral, reducing its available funds. Although the Group has a liquidity management policy in place to manage liquidity risk, this policy may prove to be ineffective.

Reputational Risk

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

The Group's success, business and results are 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 is subject to the risk that inappropriate execution of the Group's business activities causes detriment to the Group's clients or counterparties or to the Group and its employees, third-party service providers and external staff.

In addition, the Group is subject to risk from damage caused to the Group's brand or reputation arising from any inappropriate actions by the Group, its employees, clients or counterparties (including breaches of laws, regulations and internal policies), or by any association, action or inaction which is perceived by stakeholders to be inappropriate, unethical or not sustainable. In addition, damage to the Group's brand or reputation could also arise from litigation (such as in connection with mis-selling), the negative outcome of regulatory investigations, press speculation and negative publicity (whether or not founded). Negative publicity adversely affecting the Group's brands or its reputation could also result from any misconduct or malpractice by intermediaries, business promoters or other third parties linked to the Group (such as strategic partners). Any of the Group's brands or reputation could also be harmed if products or services recommended by the Group (or any of its intermediaries) do not perform as expected or do not otherwise meet client expectations (whether or not the expectations are well-founded), or the client's expectations for the product change.

In particular, the Group is subject to reputational risk related to unit-linked insurance products (see also "Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition"). The Group is subject to the risk that policyholders with a traditional life insurance product with non-guaranteed profit-sharing may take actions because the level of profit has been disappointing according to their expectations, which could have an adverse effect on the reputation of the Group. Moreover, the Group is subject to reputational risk from damage caused to the Group arising from inappropriate actions by the Group's clients or counterparties (including money laundering, terrorism financing and tax evasion by these clients and counterparties) or from the intended or actual imposition of fines resulting from failure to comply with regulatory requirements.

Failure to appropriately manage conduct and reputational risks and any damage to the Group's brands or reputation (whether or not resulting from such failure) may reduce, directly or indirectly, the attractiveness of the Group to stakeholders, including clients and intermediaries, and may lead to existing clients or intermediaries withdrawing their business from the Group and potential clients or intermediaries to be reluctant or elect not to do business with the Group, negative publicity, loss of revenue, litigation (including class actions), increased regulatory scrutiny and sanctions, negatively influenced market or rating agencies' perception of the Group, reduced workforce morale, and difficulties in recruiting and retaining talent. Any resulting damage arising from conduct, brand risks or reputation risks could cause disproportionate damage to the Group's business, even if the negative publicity is factually inaccurate or unfounded.

Regulatory/Legal and Compliance Risks

The Group is subject to comprehensive and frequently changing insurance, investment management, banking, pension and other financial services laws and regulations, and to supervision by regulatory authorities that have broad administrative powers over the Group

The Group is subject to comprehensive insurance, investment management, banking, pension and other financial services laws and regulations, and to supervision by regulatory authorities that have broad administrative and discretionary power over the Group. Amongst others, the laws and regulations to which the Group is subject relate to: licensing and ongoing licensing requirements; capital adequacy requirements; liquidity requirements; permitted investments; the distribution of dividends; product governance; payment processing; employment practices; remuneration; ethical standards; anti-money laundering; anti-terrorism measures; prohibited transactions with countries and individuals that are subject to sanctions or otherwise blacklisted; anti-corruption; privacy and confidentiality; recordkeeping and financial reporting; the competition rules and the rules relating to compliant healthcare insurance policies. See "Supervision and Regulation". Failure to comply with any laws and regulations could lead to disciplinary action, replacement of daily and co-policyholders, administrative enforcement decisions like the imposition of fines and/or revocation of a license, permission or authorisation necessary for the conduct of the Group's business or civil or criminal liability, all or any of which could have a materially adverse effect on the Group's business, revenues, results and financial condition.

The laws and regulations to which the Group is subject are becoming increasingly extensive and complex and change frequently and regulators are applying increased scrutiny on the industries in which the Group operates, and on the Group itself, placing an increasing burden on the Group's resources and expertise, and requiring implementation and monitoring measures that are costly (see also 'The Group, due to its concentration in the Dutch market, 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'). Regulations to which the Group is, and may be, subject limit the Group's activities, including, but not limited to, 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, (d) affect the Group's solvency and capital requirements or (e) prohibit the Group from exclusions in acceptance (risk selection). This may negatively impact the Group's ability to make autonomous decisions in relation to its businesses and may limit the information to which the Group has access in relation to those businesses, and result in restrictions on businesses in which the Group can operate or invest, each of which may have a material adverse effect on the Group's business, revenues, results and financial condition. As compliance with applicable laws and regulations is time-consuming and personnel-intensive, and the number and frequency of changes in laws and regulations have increased, and may further increase, the cost of compliance has increased and is expected to continue to increase. 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. The Group's Dutch banking operations, excluding the origination of mortgages, are expected to be disposed in the second half of 2019, as further described in "ASR Nederland N.V.", are particularly affected through requirements to assess the suitability of mortgage products for customers. 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. Following the adoption of a new bill, which was approved by the House of Representatives (*Tweede Kamer*) on 29 January 2019 and the Senate (*Eerste Kamer*) on 19 March 2019 (*Kamerstukken I 2018/19, 34608, nr. A*), it will become possible to collectively claim damages through a class action. This new bill will enter into force on a date that has yet to be determined by Royal Decree, which will be published in the Bulletin of Acts and Decrees (*Staatsblad*). This could have a material adverse effect on the Group's business, results and financial condition.

Despite the Group's efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, these compliance procedures may be inadequate or otherwise ineffective, including as a result of human or other operational errors in their implementation, and the Group might fail to meet applicable standards. The Group may also fail to comply with applicable laws and regulations as a result of unclear regulations, regulations being subject to multiple interpretations or being under development, or as a result of a shift in the interpretation or application of laws and regulations (including EU directives and regulations) by regulators. Failure to comply with any applicable laws and regulations could subject the Group to enforcement measures imposed by a particular governmental or self-regulatory authority and the publication thereof, and could lead to unanticipated costs associated with remedying such failures (including claims from group customers) and adverse publicity, harm the Group's reputation, cause temporary interruption of operations, and could cause revocation or temporary suspension of the license. Each of these risks, should they materialise, could have a material adverse effect on the Group's business, revenues, results and financial condition.

The impact on the Group of recent and ongoing financial regulatory reform initiatives is uncertain

Financial regulatory reform initiatives could have adverse consequences for the financial services industry generally, including the Group. A few of these recent regulatory developments are mentioned below.

Dutch Intervention Act and other developments regarding the recovery and resolution framework of insurers

In June 2012, legislation was adopted in the Netherlands dealing with the intervention in Dutch financial institutions, such as the Group. This legislation is commonly referred to as the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*). Under the Dutch Intervention Act, as currently applicable under the Dutch Financial Supervision Act following several amendments (which are discussed below), the Dutch Minister of Finance has the power to (i) commence proceedings leading to ownership by the Dutch State (nationalisation) of a financial institution or its parent company and expropriation of assets and liabilities, claims against it and/or securities, and (ii) take immediate measures which may deviate from statutory provisions or from the articles of association of the relevant financial institution, in each case if it has its corporate seat in the Netherlands, if in the Minister of

Finance's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the firm finds itself.

On 26 November 2015, the Dutch Financial Supervision Act was amended as a result of the entry into force of the EU Directive on the recovery and resolution of credit institutions and investment firms (the ‘**BRRD**’), and the EU Regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the **SRM Regulation**), which became effective on 1 January 2016. The implementation of the BRRD regime in the Dutch Financial Supervision Act provides DNB recovery and resolution powers, including the power to write-off, write-down or convert shares in the Group’s bank subsidiary and possibly the Group as the holding company of the bank subsidiary.

Furthermore, the Insurers Recovery and Resolution Act (*Wet herstel en afwikkeling verzekeraars*) (**IRRA**) entered into force on 1 January 2019. With the IRRA, a new recovery and resolution framework for insurers and new resolution powers for DNB was introduced, replacing the rules introduced with the Intervention Act. This framework has no basis in EU law, but is influenced by the BRRD/SRM Regulation. It is applicable to all Netherlands-based insurers subject to DNB’s supervision, holding companies as well as group entities providing critical services to insurers. The IRRA distinguishes two phases, applicable to the insurer and the Group: the preparation phase and the resolution phase. During the preparation phase each insurer is required to draw up a preparatory crisis plan (in which the insurer must provide insight into the restorative measures that can be taken in the event of a significant deterioration in the insurer's financial position), which DNB then has to approve, and DNB is required to draw up (and periodically evaluate) a resolution plan for each insurer (which must describe, among other things, the possibility of applying the resolution tools and powers). DNB is required to resolve an insurer if the insurer is failing or likely to fail (subject to further conditions). In the event of the resolution of an insurer, DNB has at its disposal the following tools, which can be used individually or in combination: (i) bail-in, which enables DNB to write down the insurer's liabilities to providers of debt capital and other creditors (including policyholders) or convert those liabilities into shares or other instruments of ownership of the insurer, its parent company or a bridge institution; (ii) the sale of business tool and the bridge institution tool, which can be used by DNB to sell shares or other instruments of ownership issued by or with the cooperation of the insurer, or the assets and/or liabilities of that insurer, to a private party or bridge institution on commercial terms; (iii) the asset separation tool, which is similar to the transfer tools discussed above but can only be applied to an insurer's assets and/or liabilities. In application of these competences the principle of ‘no creditor worse off’ has to be taken into account. This means that shareholders and creditors must not suffer greater losses as a result of the application of a resolution tool than they would have suffered if the insurer had been wound up in normal bankruptcy proceedings immediately before the resolution decision was taken. In addition to the abovementioned resolution tools and corresponding powers, DNB has certain general and ancillary powers it can exercise in giving effect to the aforementioned resolution tools. Finally, certain counterparty rights vis-à-vis the insurer or a group entity may be restricted or suspended in case of resolution.

There is a risk that the exercise of powers by DNB or the Dutch Minister of Finance under the Dutch Financial Supervision Act (including the BRRD and IRRA) and any future amendments thereto could have a material adverse effect on the performance by the failing institution, including the Group, of its payment and other obligations under debt securities, or result in the expropriation, write-off, write-down or conversion (bail-in) of securities such as shares and debt obligations issued by the failing institution or its parent, including the Group. In addition, the Group may be obliged to provide funds to assist in the transfer of an insurance portfolio of a competitor to a special purpose vehicle if that competitor faces financial difficulties.

The Insurers Recovery and Resolution Act entered into force on 1 January 2019. With this Act a new recovery and resolution framework with new obligations for insurers and new resolution powers for DNB was introduced, repealing most of the rules introduced with the Dutch Intervention Act. This framework has no basis in EU law, but is influenced by the BRRD/SRM recovery and resolution tools for banks. It is applicable to all insurers subject to DNB's supervision, Insurance holding companies, mixed financial holding companies and mixed insurance holding companies that are part of an insurance group, branches of non-EEA insurers, other than insurers excluded from the scope of Solvency II because of their limited size and other undertakings that are part of an insurance group if they perform services of crucial importance to the Group's daily activities. The Act distinguishes two phases: the preparation phase and the resolution phase. During the preparation phase each insurer is required to draw up a preparatory crisis plan (in which the insurer must provide insight into the restorative measures that can be taken in the event of a significant deterioration in the insurer's financial position) and DNB is required to draw up (and periodically evaluate) a resolution plan for each insurer (which must describe, among other things, the possibility of applying the resolution tools and powers). DNB will resolve an insurer if the insurer is failing or likely to fail (subject to further conditions). In the event of the resolution of an insurer or of an insurance group, DNB can apply a bail-in tool (resulting in the write-down or conversion of capital instruments and/or liabilities) and/or certain transfer measures (resulting in the transfer of assets and/or liabilities to a third party), which are in essence similar to the measures under the BRRD/SRM Regulation for banks. In addition, DNB has certain general and ancillary powers it can exercise in giving effect to the aforementioned resolution tools.

On 2 December 2016, EIOPA published a discussion paper on a potential framework for harmonisation of recovery and resolution of insurers. Stakeholders were invited to provide EIOPA with input on the consultation paper. The consultation closed on 28 February 2017. The input will be gathered by EIOPA to submit its opinion on the matter to the European Commission. At this point in time, it is unclear what the potential impact of these developments on the Group could be.

Finally, on 5 July 2017 EIOPA published an opinion on the harmonisation of recovery and resolution frameworks for (re)insurers across the Member States, in which it calls for the establishment of a minimum harmonised and comprehensive framework in the area of recovery and resolution of insurers and reinsurers. EIOPA is of the view that a minimum degree of harmonisation in the field of recovery and resolution for insurers would contribute to achieving policyholder protection, as well as maintaining financial stability in the EU. According to EIOPA's view, the building blocks of a harmonised recovery and resolution framework include: (i) preparation and planning, (ii) early intervention, (iii) resolution, and (iv) cross-border cooperation and coordination.

EIOPA believes that the scope of a harmonised recovery and resolution framework should in principle cover all (re)insurers within the scope of Solvency II. However, proportionality should be a fundamental guiding principle of a harmonised framework, as a consequence of which Member States should be given the possibility to waive certain requirements of the framework for specific insurers.

For the Group, it is especially relevant that EIOPA advises to carefully assess the application of a recovery and resolution framework to insurers which are part of a financial conglomerate. EIOPA thinks that a consistent approach should be followed taking into account the already existing recovery and resolution framework for banks and the potential harmonised framework for insurers. In the coming years, EIOPA will monitor the progress made in the field of recovery and resolution in Member States. Special attention will be devoted to the impact on policyholders.

Failure to comply with regulations regarding the use of personal customer data could subject the Group to lawsuits or result in the loss of goodwill of the Group's customers and adversely affect our business, financial condition and results of operations.

The Group must comply with strict data protection and privacy laws in the European Union. Such laws restrict our ability to collect and use personal information relating to customers and potential customers, including the marketing use of that information.

The changes to the wider EU data protection regime may also affect our operations. In particular, the provision of Regulation (EU) 2016/679 of April 27, 2016 (**General Data Protection Regulation** or **GDPR**), which repealed the former European Data Protection Directive, increased both the number of and the restrictive nature of the obligations binding on us for the collection and processing of personal data. In particular, the GDPR provides for:

- higher applicable maximum fines, up to the higher of (i) € 20 million or (ii) 4% of annual global turnover per breach;
- more onerous consent requirements, as consent will always have to be express/opt-in, while implied/opt-out consent has at times been deemed sufficient under the current regime; and
- stronger rights for individuals, including an individual “*right to be forgotten*”, which would require us to permanently delete a user’s personal data in certain circumstances.

The GDPR entered into force on May 24, 2016, but its provisions became applicable only from May 25, 2018.

Data protection in the Group is subject to a robust governance structure, and the Group’s GDPR compliance program is comprehensive and contains detailed and clear processes to ensure the Group’s full compliance with GDPR. However, there can be no assurance that the Group carried out the implementation of a GDPR compliance program in an appropriate manner, and any failure to successfully comply with GDPR could have a material adverse effect on the Group’s business, financial condition and results of operations.

If the Group fails to comply with any regulations or legislation applicable to our collection and processing of personal data, the Group may be exposed to judicial proceedings or fines, any of which could have a material adverse effect on the Group’s business, reputation, financial condition and results of operations.

Benchmarks Regulation

Various benchmarks (including interest rate benchmarks such as the London Inter-Bank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR**) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective such as the Regulation (EU) 2016/1011 (the **Benchmark Regulation**), whilst others are still to be implemented. Further to these reforms, a transitioning away from the interbank offered rates (**IBORs**) to ‘risk-free rates’ is expected. The Group closely monitors national and international guidance and other proposals for reform, which are in constant development. Given the uncertainty in relation to the timing and manner of implementation of such reforms and in the absence of clear market consensus at this time, the Group is not yet in a position to determine the reforms that it will apply.

Under the Benchmark Regulation, new requirements apply with respect to the provision of a wide range of benchmarks (including LIBOR and EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union and is thus applicable to 'contributors' to, 'administrators' of, and 'users' of benchmarks in the EU. In particular, the Benchmark Regulation, among other things, (i) requires EU benchmark administrators to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorized or registered (or, if non- EU-based, deemed equivalent or recognized or endorsed).

Following the implementation of any such (potential) reforms or further to other pressures (including from regulatory authorities), the manner of administration of benchmarks may change, with the result that such benchmarks may perform differently than in the past, one or more benchmarks could be eliminated entirely, or there could be other consequences, including those that cannot be predicted. With regard to this potential situation, pursuant to the Benchmark Regulation, supervised entities that use a benchmark have to (i) produce and maintain robust written plans setting out the actions they would take when a benchmark would change or cease to be provided, and, where feasible and appropriate, nominating one or several alternative benchmarks and indicating why these would be suitable, (ii) reflect these plans in the contractual relationship with clients and (iii) upon request sent the plans and any updates to the competent authority. In case of non-compliance with the above requirements, national authorities will have the power to impose several administrative sanctions (or in some cases criminal sanctions). Due to the uncertainty concerning the availability of successor, alternative and substitute reference rates, the relevant fallback provisions may not operate as intended at the relevant time.

Uncertainty as to the continuation of a benchmark, the availability of quotes from reference banks to allow for the continuation of rates on any financial instrument or product, and the rate that would be applicable if the such a rate is materially amended or is discontinued, may adversely affect the trading market and the value of such financial instruments or products. Moreover, any of the above changes or any other consequential changes to any relevant benchmark, or any further uncertainty in relation to the timing and manner of implementation of such changes could affect the ability of the Group to meet its obligations under such financial instruments or products and could have a material adverse effect on the value or liquidity of, and amounts payable under instruments or products based on or linked to a benchmark. Furthermore, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Group to meet its obligations under the financial instruments or products or could have a material adverse effect on the value or liquidity of, and the amount payable under, the financial instruments or products, which, in turn may influence the proceeds of the Group negatively.

Insurance Distribution Directive

On 3 July 2012, the EC published proposals for a revision of the Insurance Mediation Directive (**IMD**), later renamed the Insurance Distribution Directive (**IDD**). On 23 February 2016, the IDD entered into force and as of 23 February 2018, the IDD is applicable in all EU member states. The IDD recasts and repeals the IMD. Pursuant to the IDD, customer protection is extended to all distribution channels. Insurers carrying out direct sales will be required to comply with information and disclosure requirements and certain conduct of business rules, including a general obligation to act honestly, fairly and professionally in accordance with customers' best interests. Furthermore, if insurance products are offered as an accessory product to another product or service which is not considered to be an insurance under the IDD, customers will have the choice to buy the (main) product or service separately, without the insurance product. The IDD also imposes additional requirements for transparency and product

governance in respect of insurance products on insurers. In addition, the IDD sets out stricter requirements for the sale of life insurance products. For example, the obligation to identify and disclose conflicts of interest or the requirement to gather information from customers in order to assess the suitability or the appropriateness of the product. Therefore, the IDD has an impact on the Dutch insurance distribution market. This affects both the Group's distribution channels and the Group itself.

Anti-Money Laundering Directive

On 1 August 2008, the Prevention of Money Laundering and the Financing of Terrorism Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*, the **PMLA**) entered into effect. The PMLA replaced the Dutch Services Identification Act (*Wet identificatie bij dienstverlening*) and the Dutch Disclosure of Unusual Transactions Act (*Wet melding ongebruikelijke transacties*). Most of the provisions incorporated in these acts were incorporated into the PMLA.

The PMLA implemented Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (**MLD 3**) in the Netherlands. The PMLA applies to, *inter alia*, financial institutions, including insurance companies, banks, investment firms and investment fund managers. The aim of the PMLA is to prevent laundering of the proceeds of crime and the financing of terrorism. The PMLA introduced a risk-oriented and principle-based approach and created flexibility for the institutions. At the same time, it implied a greater responsibility for these institutions as they had to assess the risk exposure entailed by certain customers and products. In addition, these institutions must ensure that its employees are familiar with the provisions of the PMLA and that they receive training in order to enable them to recognise unusual transactions. The PMLA imposed requirements regarding, amongst others, customer due diligence and the reporting of unusual transactions. Supervision under the PMLA is conducted by, *inter alia*, DNB and the AFM.

On 26 June 2015, Directive EU 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of MLD 3, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (**AML 4**), entered into force, enhancing the existing EU measures to prevent money laundering and the financing of terrorism. In the Netherlands, the AML 4 is mainly implemented by amending the PMLA. Important changes relate to the additional requirements for identification and verification of the ultimate beneficial owner (**UBO**), the introduction of a central UBO register, the extension of the definition of politically exposed persons (**PEPs**) to domestic PEPs and the supervision of correct application of the AML 4 outside the EU. The changes have a considerable impact on client on-boarding processes and may require the re-papering of the Group's client files. The fifth Anti-Money Laundering Directive (2018/843/EU) entered into force on 9 July 2018, amending AML4 (**AML 5**). AML5 provides, *inter alia*, for enhanced powers of EU Financial Intelligence Units and improve the safeguards for financial transactions to and from high-risk third countries.

EMIR

The European Market Infrastructure Regulation 648/2012 (**EMIR**) entered into force in all Member States on 16 August 2012. EMIR aims to increase stability in European over-the-counter (**OTC**) derivatives markets and includes measures to require the clearing of certain OTC derivatives contracts through central clearing counterparties and to increase the transparency of OTC derivatives transactions. Obligations under EMIR have been gradually phased in since its coming into force. Various implementing technical standards have been adopted by the European Commission in respect of EMIR.

Prospective investors should be aware that the obligation to centrally clear OTC derivatives may increase the cost for the Group to enter into OTC derivatives contracts and may adversely affect their ability to engage in OTC derivatives contracts. Furthermore, the introduction of obligatory collateral obligations may require the Group to maintain additional liquidity in order to post collateral when so required.

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

The Group is subject to litigation, regulatory investigations and other actions in the conduct of its business, including in connection with its activities as insurer, bank, lender, employer, investor, real estate developer and tax payer. In most cases the Group is the defendant, although in some cases the Group is the claimant. 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 occurrence of litigation, investigation and/or regulatory activity could result in costly financial measures to be taken by the Group, adverse publicity and reputational harm. Also, this could lead to increased regulatory supervision, affect the Group's ability to attract and retain customers and maintain its access to the capital markets, result in cease-and-desist orders, claims, enforcement actions, fines and civil and criminal penalties, other disciplinary action, or have other material adverse effects on the Group in ways that are not predictable. Some claims may be brought by or on behalf of a class, and claimants may seek large or indeterminate amounts of damages (see also "Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition"). The Group's reserves for litigation liabilities may prove to be inadequate. Claims and allegations, should they become public, need not be well founded, true or successful to have a negative impact on the Group's reputation. In addition, press reports and other public statements that assert some form of wrongdoing on the part of the Group or other large and well-known companies (including as a result of financial reporting irregularities) could result in adverse publicity and in inquiries or investigations by regulators, legislators and law enforcement officials, and responding to these inquiries and investigations, regardless of their ultimate outcome, is time-consuming and expensive.

Litigation and rulings made by courts, including the European Court of Justice, or the Financial Services Complaints Board (*Klachteninstituut Financiële Dienstverlening* or *KIFID*, the **FSCB**), adverse public attention, investigations and/or sanctions of supervisory authorities regarding other Dutch insurance companies and/or settlements made by other Dutch insurance companies could form a precedent and could also lead to the Group having to take costly financial measures that may have a material impact on the financial condition of the Group and/or have an adverse effect on the Group in ways that cannot be predicted at this time.

Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition in any given period. For a description of litigation concerning the Group, see also "ASR Nederland N.V. — Legal Proceedings".

Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition

In the Netherlands, certain customers and/or consumer protection organisations acting on their behalf, have initiated litigation regarding individual unit-linked life insurance policies (*beleggingsverzekeringen*) and continue to do so. The issue came to light after the AFM performed industry-wide research in 2006 in which it identified issues regarding cost transparency and cost levels in 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. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and future legal proceedings. In particular, challengers have claimed that the costs associated with the policies are too high and that the return on investment was not what was expected. The criticism of unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008, the Group's Life insurance business reached an outline agreement with two main consumer protection organisations to offer compensation to their unit-linked policy holders. The main elements in this outline agreement were maximum costs charges and maximisation of risk premiums that could be charged in the individual unit-linked life insurance products. The Group compensated policy holders with individual unit-linked life insurance products whose costs and risk premiums exceeded the maximum cost charge. A full agreement on implementation of the compensation scheme was reached in 2012. The total recognised cumulative financial impact of costs relating to the compensation scheme for the Life insurance business in the Group's profit and loss account until 2018 was €1,030 million. This includes, amongst other things, compensation paid, amortisation of surrender penalties and costs relating to improved product offerings. The remaining provision in the balance sheet as at 31 December 2018 amounted to €42,3 million and is solely available to cover costs relating to the compensation scheme. On the basis of this agreement, the Group also offered consumers additional measures such as alternative products and less costly investment funds. In addition to the compensation scheme, the Group has implemented additional measures (*Flankerend Beleid*) including the 10 best-in-class principles of the Dutch Ministry of Finance (*source: Letter of 24 November 2011 of the Dutch Minister of Finance regarding 'Overzicht flankerend beleid beleggingsverzekeringen en Ombudsman Financiële Dienstverlening', FM/2011/9694 M*).

The agreement with the two consumer protection organisations is not binding for unit-linked policy holders. Consequently, neither the compensation schemes nor the additional measures taken by the Group prevent consumers and consumer protection organisations acting on their behalf from initiating legal proceedings against the Group and making claims for damages.

Currently, individual and collective legal proceedings regarding unit-linked life insurance products are pending before Dutch Courts, Dutch Courts of Appeal and the FSCB against the Group, most of them initiated by consumer protection organisations acting on behalf of individual policy holders. In general, customers and claims organisations have claimed, amongst others, that (a) the investment risk, costs charged or the risk premium was not, or not sufficiently, made clear to the customer at the time of the offering of the product, (b) the products sold to the customer contained specific risks that were not, or not sufficiently, made clear to the customer (such as the leverage capital consumption risk, the risk that the customer might not be able to achieve the projected final policy value and the risk of unrealistic capital

projections due to differences between geometric versus arithmetic returns) or these specific risks were not suitable to the customer's personal circumstances, (c) the Group had a duty of care towards individual policy holders which the Group has breached, (d) the general terms and conditions regarding costs were unfair, (e) the Group has not correctly executed the compensation scheme and/or (f) the product costs charged at the time of the initial sale and on an on-going basis were so high that the marketed expected return on investment was not realistically achievable. These claims may be based on general standards of contract or securities law, such as reasonableness and fairness, error, duty of care, or standards for proper customer treatment or due diligence and may be made by customers, or on behalf of customers, holding active policies or whose policies have lapsed, matured or been surrendered.

In recent years there has been and there continues to be adverse political, regulatory and public attention focused on unit-linked policies. This has resulted in negative sentiment regarding the products. In total the Group has sold approximately 1.1 million individual unit-linked life insurance policies, primarily in the period between 1995 and 2000. As of 31 December 2018, the book of policies of the Group included approximately 178,000 active individual unit-linked life insurance policies with recurring and/or single premiums. These unit-linked life insurance products of the Group have been sold over several decades by multiple predecessors of the Group. Consequently, the Group has a large variety of products with different product features and conditions.

Moreover, the Group has in the past in the Netherlands sold, issued or advised on large numbers of insurance or investment products that have one or more product characteristics similar to those individual unit-linked products that have been the subject of the scrutiny, adverse publicity and claims in the Netherlands. Given the continuous political, regulatory and public attention to the unit-linked issue in the Netherlands, the increase in legal proceedings and claim initiatives in the Netherlands and the legislative and regulatory developments in Europe to further increase and strengthen consumer protection in general, there is a risk that unit-linked products and other insurance and investment products sold, issued or advised on by the Group may become subject to the same or similar levels of political, regulatory and public attention claims or actions by consumers, consumer protection organisations, regulators or governmental authorities.

There is a risk that one or more of the aforementioned claims and/or allegations will succeed. Although a ruling by a court, including the European Court of Justice, against the Group or other Dutch insurance companies in respect of unit-linked products would only be legally binding for the parties that are involved in the procedure, such a ruling might be relevant or applicable to other unit-linked life insurance policies sold by the Group. A ruling may force the Group to take financial measures that could have a substantial impact on the financial condition, results of operations, solvency or the reputation of the Group. To date, a number of rulings regarding unit linked life insurance products in specific cases have been issued by the FSCB and Courts (of appeal) in the Netherlands against the Group and other insurers. In these proceedings, different (legal) approaches have been taken to come to a ruling. The outcome of these rulings is diverse. Because the book of policies of the Group dates back many years, contains of a variety of products with different features and conditions and because of the fact that rulings are diverse, it is not possible to make a reliable estimation of the impact should one or more of these allegations and/or claims succeed. If one or more of these allegations and/or claims should succeed, the financial consequences could be substantial for the Group and as a result could have an adverse material effect on the Group's business, reputation, revenues, results of operation, solvency, financial condition and prospects.

Currently, unit-linked life insurance products continue to receive negative attention from Dutch media and consumers, consumer protection organisations as well as the Dutch Parliament. The Dutch supervisory authorities have had and continue to have a strong focus on unit-linked life insurance

policies. In 2015, the adverse attention to unit-linked life insurance policies has also led to the introduction of a decree (*Algemene Maatregel van Bestuur*), pursuant to which the insurance companies can be sanctioned by the AFM if they do not meet the compulsory targets of approaching customers that have active unit-linked life insurance policies and prompting them to review their existing policies.

The Group cannot predict the effect that the current trends in legislation, litigation and investigation will have on the financial services industry or its business, which may have a material adverse effect on the Group's business, revenues, results and financial condition

The Group cannot predict the effect that the current trend towards legislation, litigation and investigation will have on the financial services industry or its business. Current and future investigations or actions taken by supervisory authorities (in particular in the context of market conduct supervision) against the Group or other insurance companies and/or possible additional legislative measures, could result in sanctions by supervisory authorities, require the Group to take costly measures in a manner that is adverse to the Group and its business. Sanctions by supervisory authorities could have an adverse impact on the Group's reputation. As a result of the public and political attention the unit-linked issue has received, it is also possible that sector-wide measures may be imposed by governmental authorities or regulators in relation to unit-linked products in the Netherlands. Also, changes to the pricing structure of any products resulting from legal or regulatory action, legal liability or a regulatory action could have a material adverse effect on the Group's business, revenues, results and financial condition. In addition, press reports and other public statements that assert some wrongdoing on the part of the Group or other large and well-known insurance companies could result in adverse publicity and in inquiries or investigations by regulators, legislators and law enforcement officials. The Group's reputation could suffer and it could also be fined or prohibited from engaging in some of its Life insurance business activities or be sued by clients if it does not comply with applicable laws or regulations.

The Group's book of policies dates back many years, and in some cases several decades. Over time the regulatory requirements and expectations of various stakeholders, including customers, regulators and the public at large, as well as standards and market practice, have developed and changed, increasing customer protection. As a result, policyholders and consumer protection organisations have initiated and may in the future initiate proceedings against the Group alleging that products sold in the past fail to meet current requirements and expectations. In any such proceedings it cannot be excluded that the relevant court, regulator, governmental authority or other decision-making body will apply current norms, requirements, expectations, standards and market practices on laws and regulations to products sold, issued or advised on by the Group.

Litigation and rulings made by courts, including the European Court of Justice, or the FSCB, in pending or future cases brought upon the Group or other insurance companies, adverse public attention, investigations and/or sanctions of supervisory authorities regarding other Dutch insurance companies and/or settlements made by other Dutch insurance companies could form a precedent and could in this way also lead to the Group having to take costly financial measures that may have a material impact on the financial condition of the Group and/or have an adverse effect on the Group in ways that cannot be predicted at this time.

It is inherently difficult to predict the outcome of the pending and future claims, regulatory proceedings and other adversarial proceedings involving the Group or other insurance companies. Because of the variety of products and lack of precedents, it is currently not possible to make a reliable estimation of the impact of such developments or events on the Group. One or more of the pending or future proceedings against the Group or other insurance companies, additional measures taken by the Dutch legislator or supervisory authorities and/or adverse attention in the media regarding unit-linked life insurance policies

or any other of the aforementioned developments and factors could, by itself or in combination, have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition.

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 who believe that they received misleading advice from advisers or intermediaries (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 Group distributes its policies for a large part through intermediaries. Customers (whether individual or group customers) who feel that they have been misled or misinformed have sought, and may in the future seek, redress for expectations that the advice or perceived misrepresentations created. Customers who are, for any reason, dissatisfied with their product may hold the insurance company accountable for the advice given by an intermediary, even though the intermediary gives advice on the basis of a mandate from the customer and the insurance company is legally not responsible for the advice given by an intermediary. Complaints or negative publicity 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 is 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. Due to changes in legislation and also for reasons of cost efficiency, the Group has taken and intends to take actions to simplify its current product portfolios, which may mean that the terms and conditions of its existing insurance contracts have to be harmonised and/or amended. While the Group seeks to minimise the impact of such amendments on its existing policyholders, there can be no assurance that customers (individually or on a collective basis) will not seek to void any such amendments or claim damages, which could in each case have an impact on the Group's business, reputation and/or financial condition.

As of 1 January 2016, the EU has introduced Solvency II, a new regime governing solvency margins and provisions, the effects of which and the Dutch regulator's interpretation whereof remain uncertain to some extent. If the Group is not able to adequately comply with the Solvency II requirements, this could have a material adverse effect on its business, solvency, results and financial condition

The EU adopted a full scale revision of the solvency framework and prudential regime applicable to insurance, reinsurance companies and insurance groups through Solvency II. The framework for Solvency II is set out in the Solvency II Directive. In the Netherlands, the legislation implementing the Solvency II Directive came into force on 1 January 2016.

Solvency II creates a solvency framework in which the minimum amounts of capital that insurance and reinsurance companies are required to hold in order to cover the risks to which they are exposed better reflect such companies' specific risk profiles. Solvency II introduced economic risk-based solvency requirements across all Member States. While the previous directives concentrate mainly on the liabilities side (i.e. insurance risks) and include a relatively simple solvency formula based on technical provisions and insurance premiums, Solvency II introduces more comprehensive solvency requirements, taking the asset-side risks into account more extensively, but also providing new and more detailed rules regarding governance, risk management, scenario analyses, stress testing and risks associated with the other entities within the Group, including the entities that are unregulated. The new regime is a "total

balance sheet” type regime where the insurers’ material risks and their interactions are considered. In addition to these quantitative requirements (**Solvency II Pillar 1**), Solvency II also sets requirements for governance, risk management and effective supervision, including the obligation to perform an ORSA, (**Solvency II Pillar 2**), and disclosure and transparency requirements (**Solvency II Pillar 3**).

Under Solvency II Pillar 1, insurers are required to hold own funds equal to or in excess of a SCR. Solvency II categorises own funds into three tiers with differing qualifications as eligible available regulatory capital. Under Solvency II, own funds uses IFRS balance sheet items where these are at fair value and replaces other balance sheet items using market consistent valuations. The determination of the technical provisions and the discount rate to be applied will have a material impact on the amount of own funds required and the volatility of the level of own funds. The SCR is a risk-based capital requirement which is determined using either a standard formula (set out in the level 2 implementing measures), or, where approved by the relevant supervisory authority, an internal model. The internal model can be used in combination with, or as an alternative to, the standard formula as a basis for the calculation of an insurer’s SCR. In the Netherlands, such a model must be approved by DNB. The Group has opted to report its required solvency using the standard formula. A cost-benefit analysis led the Group to opt for the use of the standard formula. DNB continues to monitor the suitability of the use of the standard formula, for example whether the standard formula accurately reflects the Group’s risk profile. As part of the Group’s ORSA a judgment is made as to whether the standard formula is suitable. The results of this judgment could influence the Group to develop a partial or full internal model that management believes better reflects the Group’s risk profile. If DNB finds that the use of the standard formula by the Group is no longer suitable, the Group may be required to develop a partial or full internal model. Developing and maintaining such an internal model would lead the Group to incur additional costs and could lead to a lower Solvency II ratio, which may adversely affect the Group’s ability to implement its business plan or distribute capital and may require it to take remedial action.

Since the entry into force of Solvency II on 1 January 2016, changes and reviews to Solvency II framework have taken place or are planned. For instance, several delegated regulations have entered into force since (such as Commission Regulation 2017/309 laying down technical information for the calculation of technical provisions and basic own funds for reporting) and several delegated regulations have been amended since.

Although Solvency II became effective on 1 January 2016, and Solvency II numbers are based on an agreed procedure, there remains uncertainty about elements of the interpretation of Solvency II in the European and Dutch insurance market. This may affect the way the Issuer implements the Solvency II framework, including the Issuer’s financial position under Solvency II.

Pursuant to Solvency II, the Issuer is required to calculate a solvency ratio (own funds divided by the required solvency, the latter referred to as the “Group SCR”), for the Group at the level of the Issuer which should be at least equal to 100%. Under Solvency II, DNB leaves the decision as to whether to hold a buffer of own funds in excess of the Group SCR, or the SCR, to the Group and to the insurance and reinsurance undertakings in the Group. As the prudential supervisor, DNB will nonetheless monitor the Issuer’s capital management policies. For instance, the SCR requirement is still subject to assessment by DNB and may be adjusted from time to time. This may affect the Solvency II ratios of insurance companies. In 2017, EIOPA has published an adjusted methodology to derive the UFR. The next step that needs to be taken is that the European Commission will adopt and publish the implementing acts. According the adjusted methodology, changes of the UFR are phased-in. The calculated value of the UFR for the euro is 3.55%. Further information can be found in the 2018 SFCR of the Group under “Expected developments in Ultimate Forward Rate”. Annual changes will not be higher than 15 basis points. The first change of the UFR from 4.2% to 4.05% was implemented at the beginning of 2018 in

the calculation of the risk-free curve at January 2018. The second change of the UFR from 4.05% to 3.9% was implemented at the beginning of 2019 in the calculation of the risk-free curve for January 2019. A third change was announced by EIOPA and is expected at the beginning of 2020 whereby the UFR will change from 3.9% to 3.75%.

In 2018, EIOPA has conducted a review of Solvency II. A first set of advice for which no annual reporting data is required contains the following items: simplified calculations, look-through approach for investment related vehicles, reducing reliance on external credit ratings, treatment of guarantees and exposures to regional governments and local authorities, risk-mitigation techniques, undertaking specific parameters and information on loss-absorbing capacity of deferred taxes. The second set includes advice for which annual reporting data is needed and includes all other items arising from the calls for technical advice: risk margin, simplifying the look-through approach, policy options on loss-absorbing capacity of deferred taxes, premium and reserve risks, catastrophe risks, mortality and longevity risks, counterparty default risk, currency risk at group level, interest rate risk, own funds, unrated bonds and loans, unlisted equity and strategic participations.

On 18 June 2019 the European Commission published in the Official Journal of the European Union 2019/981, the amending of Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC. On 8 July 2019, the majority of a new Regulation (Commission Delegated Regulation 2019/981) came into force.

In 2019, DNB and the insurance sector started a further analysis and discussion of the current Solvency II valuation and SCR calculation of saving mortgages (*Spaarhypotheeken*).

In 2020 a review of the Solvency II will take place. This review will encompass the so-called “long-term guarantees” package, in particular the functioning and stability of European insurance markets, the extent to which insurance and reinsurance undertakings continue to operate as long-term investors and the availability and pricing of long-term insurance products. In this context, the European Commission has requested EIOPA to provide, by the end of 2019, information on insurance liabilities (including illiquid liabilities), asset management of insurers, information on long-term guarantee measures and information on the market valuation of insurance liabilities.

In addition, on 10 February 2019, the European Commission has requested EIOPA to provide, in the context of the Solvency II Directive review, by 30 June 2020, technical advice in the following areas:

- long-term guarantee measures and measures on equity risk;
- specific methods, assumptions and standard parameters used when calculating the SCR standard formula;
- rules and supervisory authorities’ practices on the calculation of the minimum capital requirement;
- the supervision of insurance and reinsurance undertakings in a group; and
- other items related to the supervision of insurance and reinsurance undertakings.

It is not possible to foresee exactly what changes will come from the Solvency II review, and consequently, what the impact would be on the Group or on the rights of holders of the Securities, but depending on the nature of the changes, these could have a material adverse effect on the Group’s business, solvency, results and financial condition.

In some cases the Dutch supervisor could implement a stricter interpretation compared to supervisors in other countries, possibly resulting in a (significant) adjustment of Solvency II figures. Examples are the review and potential change in the UFR, the assumptions for the loss absorbing capacity of deferred tax, the charge for mortgages and the expense assumptions in the Solvency II calculations. In addition, although the Group believes the assumptions and interpretation it uses for the Solvency II calculations are correct (i.e. performed according to the Solvency II regulation), it is possible that the regulator may require changes in these assumptions or interpretations, and such changes could be required for future years or periods even if not required for the most recently completed period. For instance, the regulator may consider that the loss absorbing capacity of deferred tax as included in the calculation needs to be adjusted downwards, or that the counterparty risk module does not satisfactory reflect all the risks of the Group's mortgage portfolio.

A changing methodology for the treatment of future expenses and future management actions (such as en-bloc increases of premiums) within the Solvency II calculation could have a negative effect on the Solvency II figures. In 2018, the entire SII framework was reviewed by EIOPA. Any of the foregoing events or other changes as a result of such review could have a material adverse effect on the Group's business, solvency, results and financial condition.

Given the possibility of further changes to the regime, the effects of Solvency II on the Group's business, solvency margins and capital requirements are uncertain but could be material. While the aim of Solvency II is to introduce a harmonised, risk-based approach to solvency capital, there is the risk that regulators introduce capital add-ons or strict, unexpected parameters for internal models, or that a lack of proper management information due to uncertainty about the regulatory changes could lead to insufficient solvency levels once those changes are applied. In addition, as it is currently unknown how much capital the Group must set aside, there is a risk that the Group could underestimate or overestimate its capital position, which in turn could result in incorrect investment and risk return decisions. If changes in the regime lead to insufficient solvency levels, there is a reputational risk which could limit the Group's ability to access the capital markets.

Solvency II and double leverage, the ratio between Group equity and the total equity value of the Group's Subsidiaries on an unconsolidated basis, are expected to become the subjects of increasing focus and attention at various regulatory levels going forward. Should the Group not be able to adequately comply with the Solvency II requirements in relation to capital (including with respect to grandfathering of existing subordinated loan structures), risk management, documentation and reporting processes, this could have a material adverse effect on its business, solvency, results and financial condition.

Additional requirements for Dutch insurers to repay capital or to pay out distributions from reserves

With effect from 1 January 2014, insurers in the Netherlands are required to apply for a certificate of no objection (*verklaring van geen bezwaar*, **Vvgb**) in the event of a reduction of own funds if, at the time of the reduction, they do not satisfy the SCR or it is likely that they will be unable to satisfy this requirement in the next twelve months (Section 3:97 of the Dutch Financial Supervision Act). If a Vvgb is not received from DNB, no reduction of own funds, for example by repayment of capital or a distribution of reserves, will be allowed to be effected.

The Group is a holding company with no operations and it is therefore dependent on loans, dividends and other payments from its operating Subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends and payment of principal and interest on the Securities. Therefore, any such limitation on pay out of distributions by the Subsidiaries to the Group will impact the Group's ability to fulfil its obligations under the Securities.

The Group is subject to stress tests and other regulatory enquiries. Stress tests and the announcement of the results by regulatory authorities can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole. Such stress tests, and the announcement of the results, could negatively impact the Group's reputation and financing costs and trigger enforcement actions by regulatory authorities

In order to assess the level of available capital in the insurance sector, national and supra-national regulatory authorities (such as EIOPA) require solvency calculations and conduct stress tests where they examine the effects of various adverse scenarios on insurers (for example a strong decline in interest rates). In addition, regulators have carried out a number of studies on the quantitative effects of proposed changes to capital rules in the recent past, particularly with regard to the Solvency II Directive. In addition, if any of the regulated insurance companies within the Group does not meet the SCR, it must set up a recovery plan to ensure that the SCR will be met within a period of six months. The insurance company must file this plan with DNB. Another measure the Group may be required to take in this scenario could be the reduction of risks. Reduction of market risks could lead to lower expected return on assets, where reduction of insurance risk through reinsurance could lead to increased reinsurance premium costs. Announcements by regulatory authorities that they intend to carry out stress tests can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole. In the event that the Group's results in such a calculation or test are worse than those of its competitors and these results become known, this could also have adverse effects on the Group's financing costs, customer demand for the Group's products and the Group's reputation. Furthermore, a poor result by the Group in such calculations or tests could influence regulatory authorities in the exercise of their discretionary powers.

Operational Risks

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 processes and systems, the conduct of Group personnel and third parties (including intermediaries, tied agents, mandated brokers 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 of Group personnel and third parties to comply with internal business policies or guidelines, and 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), use of corrupt data, 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, measure monitor, report and manage, among others, 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 or other operational risks were to materialise, 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 and financial condition.

Failure of the Group's own or outsourced information technology systems, including as a result of cybercrime or information security weaknesses, could lead to a breach of regulations and contractual obligations and have a material adverse effect on the Group's reputation, business, results and financial condition

The Group's technological infrastructure is critical to the operations of the Group's business and delivery of products and services to clients. Even with the back-up recovery systems and contingency plans that are in place, the Group cannot assure that interruptions, failures or breaches in capacity, security or data (including use of corrupt data) of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. This includes disruptions of the Group's operating or information systems, arising from events that are wholly or partially beyond the Group's control, including distributed denial of services computer viruses or electrical or telecommunication outages, breakdowns in processes, controls or procedures, and operational errors, including administrative or recordkeeping errors or errors resulting from system failures, faulty computer or telecommunications systems. This also includes the intentional or unintentional release of proprietary information about the Group, its clients or its employees. Such leaked information may be used against the interests of the Group, its clients or its employees, including in litigation and arbitration proceedings.

The Group relies on its operational processes and communication and information systems to conduct its business, including 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.

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 systems and infrastructure, it is still possible that interruptions, failures with conversions, failures or breaches in security of these processes and systems will occur and, if they do occur, that they may not be adequately addressed.

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.

The Group, as a financial institution, handles large amounts of money, customer data and privileged information and is therefore highly dependent on the honesty and integrity of its employees. In addition, changes towards more sophisticated internet technologies, the introduction of new products or services, changing customer needs and evolving applicable standards, increase the dependency on the internet, secure systems and related technology.

The Group faces a risk of loss due to errors, negligent behaviour, lack of knowledge, fraud or wilful violation of rules and regulations by its employees, as well as attempts to compromise its system including through cyber-attacks. The Group regularly reviews its information security procedures and seeks to make improvements to its systems.

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, 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 of the Group to retain or attract qualified personnel could have a material adverse effect on its business, revenues, results or financial condition.

On 1 January 2014, the Dutch act on the revision and claw-back of bonuses and profit-sharing arrangements came into force (*Wet aanpassing en terugvordering van bonussen en winstdelingen van bestuurders en dagelijks beleidsbepalers*). This act applies to board members of Dutch public companies and Dutch financial institutions, such as insurers, investment firms and banks, as well as to employees of those entities that are in charge of the day-to-day management of those entities. The rules allow for the possibility to (a) revise a bonus prior to payment, if payment of the bonus would be unacceptable pursuant to the criteria of “reasonableness and fairness” and (b) claw back (part of) a paid bonus, if payment took place on the basis of incorrect information on the fulfilment of the bonus targets or conditions for payment of the bonus. Since the coming into force of the act on remuneration policies within the financial sector on 7 February 2015, such revision and claw back has become mandatory for financial institutions. In addition it has become mandatory to revise or claw back variable remuneration in cases of unsuitability or inappropriate behaviour and in cases where the relevant person was responsible for behaviour resulting in serious deterioration of the Group’s financial position. There are also specific provisions that apply in the event of a “change of control” of Dutch listed companies. These new rules may limit the Group’s ability to attract and retain suitably qualified board members and senior employees in the Netherlands.

The rules regarding remuneration for financial institutions are still being scrutinized. Recent developments include a letter of 17 December 2018, the Minister of Finance announced several legislative changes to the remuneration rules and regulations. First of all, the Minister of Finance wishes to introduce a legal obligation to keep shares and certain other parts of fixed remuneration that are dependent on the market value of the undertaking for at least five years to bring the interests of board members and employees of financial undertaking more in line with the long-term interests of that undertaking. Furthermore, the Minister of Finance wishes to introduce a legal obligation for financial undertakings to describe in their remuneration policy in what way a company has taken into account the relation between the remuneration of board members and employees and the function of the financial company in society at large. These two intended changes have not yet been incorporated in legislative proposals, therefore it is still unclear what the impact will be, if any, on the Group.

The Group is reliant on data quality and models, including for example for calculating Solvency II own funds and required capital. In addition, the increasing demands from supervisory and other authorities both as far as detail and frequency of reporting is concerned, are a significant burden on the Group with the accompanying risk that errors are made, information is reported past deadlines and that fines and other penalties are incurred. This could have a material adverse effect on the Group’s business, reputation, results and financial condition

The Group uses large amounts of data in its business including to price its products and run its actuarial and risk models (see also “Incorrect 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”). If the data management uses is incorrect or incomplete this may lead to incorrect or untimely decisions by management. Additionally, defects and errors in the Group’s financial processes, systems and reporting, including both human and technical error, could result in a late delivery of internal and external reports, or reports with insufficient or inaccurate information.

The Group is also subject to increasingly detailed and extensive information requests made with increasing frequency from supervisory and other authorities in the Netherlands. As the frequency of requests and the amount and detail of data requested increases, where requests regularly overlap and the formats of requests may differ or be subject to different requirements, more administrative, operational and IT resources are required for compliance. The Group's difficulty in responding to these requests is aggravated by its reporting chain being complex and the fact that in the Group's current financial reporting, business units and legal entities do not always coincide. Although the Group is managing the consequences of regulatory change and the increase in data requests from authorities, the Group cannot fully mitigate or eliminate those risks.

Calculating Solvency II own funds and required capital is also subject to the aforementioned risks. The Group has procedures in place to assess the quality of data and models (including End User Computing models) regularly. In addition, in 2016, the Group realised projects to ensure the quality of the data used to calculate the Solvency II own funds and required capital. Despite these measures, there is a risk that data and models used contain errors and steps are still taken to improve the data and the models.

The complexity of the Group's reporting chain is due to, among other things, different IT systems in use by the relevant business units, legacy issues, certain data and documentation not being recorded in a uniform manner or being recorded inaccurately. When the Group receives a request for information from a supervisory or other authority, the data required may not always be readily available or may not be available in a format that allows processing without human intervention. The Group may then need to manually collect and collate data from its various systems and from within different business units and convert it into a format compliant with reporting requirements. This creates a risk that mistakes are made, deadlines are missed or that reporting requirements are not complied with. It may also force the Group to significantly increase its spend on compliance and IT. Furthermore, regulatory reporting requirements may be contradictory with each other, making compliance more difficult. Missing deadlines or in other manners not or not fully complying with reporting requirements could lead to substantial fines and other penalties. The developments described above could also lead to tension between any new regulatory obligations and the duty of care of the Group or privacy considerations that apply in certain jurisdictions. Although the Group conducts its business almost exclusively in the Netherlands (with limited operations in Belgium related to funeral insurance) it may be subject to the requirements of governments or supervisory and other authorities in other jurisdictions that may not necessarily be compatible with requirements in the Netherlands. Any of the above could have a material adverse effect on the Group's business, reputation, results and financial condition.

Financial Reporting Risks

Changes in accounting standards or policies could have a material adverse effect on the Group's reported results and shareholders' equity

Since 2005, the Group's financial statements have been prepared and presented in accordance with IFRS—including the International Accounting Standards (**IAS**) and Interpretations—as adopted by the 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 changes in the IFRS standards, effective after 1 January 2019, which have been issued by the IASB.

Endorsed by the EU:

- IFRS 9 Financial Instruments (issued on 24 July 2014; the standard is expected to be effective from 1 January 2022 for predominant insurance entities); and

Not yet endorsed by the EU:

- IFRS 17 Insurance contracts (issued on 18 May 2017; the standard is expected to be effective from 1 January 2022).

The consequences of the changes related to IFRS 9 and IFRS 17, including consequential changes as a result of choices made by the Group on implementation of these changes, are expected to be material. At this moment, given the complexity and options available, it is too early to quantify the actual impact on IFRS equity and result for the year. However, the Issuer expects IFRS 9 in combination with IFRS 17 to have significant changes to its accounting policies and impact on shareholders' equity, net result and/or Other comprehensive income, presentation and disclosure.

The accounting principles used in Solvency II for the available solvency capital are based on fair value principles generally valued in accordance with IFRS as adopted by the EU. The main items where the valuation method differs between IFRS as applied by the Group and Solvency II are listed below:

- Loans and receivables (including mortgages and the 'Sparlossen') are not valued at fair value but at amortised cost under IFRS;
- Valuation of insurance liabilities under Solvency II is based on the sum of the best estimate (expected cash flow value including the value of options and guarantees) and the risk margin (in accordance with the cost of capital method);
- Reinsurance recoverables, which are amounts that can be collected from reinsurers, are estimated using a method that is in line with the reinsurance contract;
- Subordinated liabilities and other financial liabilities are not valued at fair value but at amortised cost under IFRS;
- Intangible assets are derecognised under Solvency II; and
- Deferred taxation related to the above-mentioned differences between Solvency II and IFRS valuation.

The Group's reserves for liabilities arising from insurance contracts reflected in its IFRS financial statements to pay insurance and other claims, now and in the future, could prove inadequate, which could require that the Group strengthen its reserves, which may have a material adverse effect on the Group's business, revenues, results and financial condition

The Group determines the amount of reserves for insurance liabilities using actuarial methods and statistical models, which use assumptions. For the Group's Life insurance business, the assumptions for reserves for insurance liabilities are locked-in when the policy is issued although additional amounts are added to the reserves for insurance liabilities to strengthen them, such as an additional longevity. The assumptions for the Non-life insurance business are periodically updated for recent experience, information and insights into claims developments, which creates volatility in results of operations.

Additionally, the Group applies shadow accounting. Under certain conditions, IFRS 4 permits insurers to mitigate an accounting mismatch which occurs when unrealised gains or losses on assets backing

insurance contracts affect the measurement of the reserves for insurance liabilities. This relief is commonly referred to as shadow accounting. In applying shadow accounting, unrealised value changes in fixed-income financial assets available for sale are added to equity (other comprehensive income or **OCI**) and then via shadow accounting extracted from equity and added to the reserves for insurance liabilities. In a similar manner unrealised value changes in specific financial assets designated at fair value through profit and loss, and specific derivatives designated as held for trading with movements recognised in the income statement, are via shadow accounting extracted from fair value gains and losses and added to the reserves for insurance liabilities. When unrealised gains on which shadow accounting has been applied become realised capital gains, shadow accounting is no longer applied and realised gains recognised in the income statement are matched by an equal increase in the reserves for insurance liabilities. As a result, the realisation of capital gains of investments on which shadow accounting has been applied has no impact on the operating or net profit of the Group. As such, through the use of shadow accounting unrealised value changes in financial assets backing reserves for insurance liabilities affect the measurement of the financial assets and reserves for insurance liabilities in the same way, regardless of whether they are realised or unrealised and regardless of whether the unrealised investment gains and losses are recognised in profit or loss or in OCI using a revaluation reserve.

There are differences in the manner, methodology, models and assumptions used by insurance companies in calculating the liability adequacy test (**LAT**). The LAT applied by the Group is based on management best estimates on future developments of markets, insurance claims and expenses. The valuation of the insurance liability consistent with Solvency II is used in the IFRS-LAT. At the date of this Offering Circular, the Group believes that its aggregate reserves for insurance liabilities are adequate. There can be no assurance that the reserves for insurance liabilities will remain adequate in the future and that no additional charges to the income statement will be necessary. Furthermore, one or more of the assumptions underlying the LAT of the Group could prove to be incorrect and management may change one or more of the assumptions affecting the outcome of the LAT, which in each case may make it necessary for the Group to set aside additional reserves.

Under its current policy, if the LAT shows that current reserves for insurance liabilities are not adequate, the Group must strengthen its reserves for insurance liabilities in order to reach the respective adequacy levels, which may have a material adverse effect on the Group's business, revenues, results and financial condition.

RISK FACTORS RELATING TO THE SECURITIES

Risks relating to the structure of the Securities

The Issuer's obligations under the Securities are subordinated

The Issuer's obligations under the Securities will constitute unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves.

If at any time prior to the date on which a Conversion Trigger Event occurs an Issuer Winding-up occurs, the payment obligations of the Issuer under the Securities shall rank in right of payment after the claims in respect of all Senior Obligations of the Issuer (and payment to holders of the Securities may only be made and any set-off by holders of the Securities shall be excluded until all obligations of the Issuer in respect of such Senior Obligations have been satisfied) but, as the case may be, *pari passu* with claims in respect of Parity Obligations and in priority to claims in respect of any Junior Obligations.

If at any time on or after the date on which a Conversion Trigger Event occurs an Issuer Winding-up occurs but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depositary

on Conversion have not been so issued and delivered, each holder of Securities shall have a claim (in lieu of any other payment by the Issuer) for the amount, if any, it would have been entitled to receive if the Conversion relating to such Conversion Trigger Event had occurred, and the relevant number of Conversion Shares to which such holder would have been entitled had been delivered to such holder, immediately prior to the Issuer Winding-up occurring in accordance with Condition 7 (*Conversion*) (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with Condition 7.5 (*Conversion Shares Offer*)).

Although the Securities may pay a higher rate of interest than comparable Securities which are not subordinated, there is a significant risk that an investor in the Securities will lose all or some of its investment should the Issuer become insolvent.

In addition, investors should be aware that, upon Conversion of the Securities following a Conversion Trigger Event, holders of Securities will be effectively further subordinated as they will be treated as, and subsequently become, holders of Ordinary Shares, even if other existing subordinated indebtedness and preference shares remain outstanding. There is a risk that holders of Securities will lose the entire amount of their investment, regardless of whether the Issuer has sufficient assets available to settle what would have been the claims of holders of Securities or of securities subordinated to the same or greater extent as the Securities, in winding-up proceedings or otherwise. See also “Risk Factors – The impact on the Group of recent and ongoing financial regulatory reform initiatives is uncertain – Dutch Intervention Act and other developments regarding the recovery and resolution framework of insurers”.

As the Issuer is a holding company, holders of Securities are structurally subordinated to the creditors of the Issuer's Subsidiaries

The Securities are the obligations of the Issuer alone. The Issuer is a holding company and the Issuer's Subsidiaries are separate and distinct legal entities with no obligation to pay, or provide funds in respect of, any amounts due in respect of the Issuer's payment obligations under the Securities.

Payments on the Securities are structurally subordinated to all existing and future liabilities and obligations of the Issuer's Subsidiaries. Claims of creditors of such Subsidiaries will have priority as to the assets of such Subsidiaries over the Issuer and its creditors, including the holders of Securities. The Conditions do not contain any restrictions on the ability of the Issuer or its Subsidiaries or associates to incur additional unsecured or secured indebtedness.

As a holding company, the level of the Issuer's Distributable Items is affected by a number of factors, and insufficient Issuer's Distributable Items will restrict the Issuer's ability to make interest payments on the Securities

As a holding company, the level of the Issuer's Distributable Items is affected by a number of factors, principally its ability to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates Issuer's Distributable Items. Consequently, the future Issuer's Distributable Items, and therefore the Issuer's ability to make Interest Payments on the Securities, are a function of the existing Issuer's Distributable Items, future Group profitability and performance and the ability to distribute or dividend profits from the Issuer's operating Subsidiaries up the Group structure to the Issuer. In addition, the Issuer's Distributable Items will also be reduced by the servicing of other debt and equity instruments.

The ability of the Issuer's operating Subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from the Issuer's investments in other entities is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements,

statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer's operating Subsidiaries, which could in time restrict the Issuer's ability to fund other operations or to maintain or increase its Issuer's Distributable Items.

The Securities have no scheduled maturity and holders of Securities only have a limited ability to exit their investment in the Securities

The Securities are perpetual securities and have no fixed maturity date or fixed redemption date and are not redeemable at the option or election of the holders of the Securities. Although the Issuer may, under certain circumstances described in Condition 8 (*Redemption, Exchange, Variation and Purchase*), redeem the Securities, the Issuer is under no obligation to do so and holders of Securities have no right to call for the Issuer to exercise any right it may have to redeem the Securities.

Therefore, holders of Securities have no ability to exit their investment, except (i) in the event of the Issuer exercising its right to redeem the Securities in accordance with the Conditions, (ii) by selling their Securities or, following the occurrence of a Conversion Trigger Event and the issue and delivery of Ordinary Shares, their Ordinary Shares (provided the Ordinary Shares issued upon Conversion are not all sold pursuant to a Conversion Shares Offer), (iii) through the cash component of any Conversion Shares Offer Consideration, or (iv) upon an Issuer Winding-up, in which limited circumstances the holders of Securities may receive some of any resulting liquidation proceeds following payment being made in full to all senior and more senior subordinated creditors. The proceeds, if any, realised in an Issuer Winding-up may be substantially less than the principal amount of the Securities or the price paid by an investor for the Securities. See also "Absence of public markets for the Securities" below.

Payments by the Issuer are conditional upon the Issuer being solvent

Other than in the circumstances set out in Condition 4.2 (*Winding-up prior to a Conversion Trigger Event*) or Condition 4.3 (*Winding-up on or after a Conversion Trigger Event*), all payments in respect of or arising from (including any damages for breach of any obligations under) the Securities shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be payable by the Issuer in respect of or arising from (including any damages for breach of any obligations under) the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For these purposes, the Issuer will be solvent if (i) it is able to pay its debts owed under its Senior Obligations if they fall due and (ii) its Assets exceed its Liabilities. Any payment of interest that would have been due but for the inability to comply with the Solvency Condition shall be cancelled pursuant to Condition 6.2 (*Mandatory Cancellation of Interest Payments*).

The Issuer may at its sole and absolute discretion cancel Interest Payments, in whole or in part, at any time. Cancelled Interest Payments shall not be due and shall not accumulate or be payable at any time thereafter and investors shall have no rights thereto

Interest on the Securities is due and payable on each Interest Payment Date subject to Condition 4.1 (*Solvency Condition*), Condition 6.2 (*Mandatory Cancellation of Interest Payments*) and Condition 7.7 (*Accrued Interest on Conversion*). In addition the Issuer may at its sole and absolute discretion at any time elect to cancel any Interest Payment, in whole or in part, which would otherwise be payable on any Interest Payment Date. Any Interest Payment (or relevant part thereof) which is cancelled shall not accumulate and shall not become due and payable at any time thereafter. In the event of such cancellation, holders of Securities will have no rights in respect of the Interest Payment (or relevant part thereof) which is cancelled. In addition, cancellation or non-payment of Interest in accordance with the

Conditions shall not constitute a default or event of default under the Securities for any purpose and does not give holders of Securities any right to take any enforcement action under the Securities.

Any cancellation of Interest Payments or actual or perceived increase in the likelihood that Interest Payments are cancelled will likely have an adverse effect on the market price of the Securities. In addition, as a result of the possibility of cancellation of interest on the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which interest accrues and which are not subject to such cancellation, and may be more sensitive generally to adverse changes in the Issuer's and the Group's financial condition.

In addition to the Issuer's right to cancel Interest Payments, in whole or in part, at any time, the Conditions require that Interest Payments must be cancelled under certain circumstances. Cancelled Interest Payments shall not be due and shall not accumulate or be payable at any time thereafter and investors shall have no rights thereto

The Issuer must cancel any Interest Payment on the Securities pursuant to Condition 6.2 (*Mandatory Cancellation of Interest Payments*) in the event that, *inter alia*, the Issuer cannot make the payment in compliance with the Solvency Condition, the Solvency Capital Requirement or the Minimum Capital Requirement, or where the Interest Payment would, together with any Additional Amounts payable with respect thereto, exceed the amount of the Issuer's Distributable Items as at the time for payment.

Any Interest Payment which is cancelled shall not accumulate and shall not become due and payable at any time thereafter. In the event of such cancellation, holders of Securities will have no rights in respect of the Interest Payment which is cancelled. In addition, cancellation or non-payment of Interest in accordance with the Conditions shall not constitute a default or event of default on the part of the Issuer for any purpose.

Any cancellation of Interest Payments or actual or perceived increase in the likelihood that Interest Payments are cancelled will likely have an adverse effect on the market price of the Securities. In addition, as a result of the possibility of cancellation of interest on the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which interest accrues and which are not subject to such cancellation, and may be more sensitive generally to adverse changes in the Issuer's and the Group's financial condition.

The interest rate on the Securities will be reset on each Reset Date, which may affect the market value of the Securities.

The Securities will initially earn interest at a fixed rate of interest to, but excluding, the First Call Date. From, and including, the First Call Date, however, and every Reset Date thereafter, the interest rate will be reset to the reset Interest Rate (as described in Condition 5 (*Interest*)). This reset rate may be less than the initial Interest Rate and/or the interest rate that applies immediately prior to such Reset Date, which could affect the amount of any interest payments under the Securities and so the market value of the Securities.

Changes or uncertainty in respect of EURIBOR may affect the value or payment of interest under the Securities

Various interest rate benchmarks (including the London Inter-Bank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR**)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective, including Regulation (EU) No. 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to

measure the performance of investment funds (the **Benchmark Regulation**) whilst others are still to be implemented.

Under the Benchmark Regulation, which became effective on 1 January 2018 in general, new requirements apply with respect to the provision of a wide range of benchmarks (including LIBOR and EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmark Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

Workstreams are underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fall-back by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (**€STR**) as the new risk free rate. €STR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fall-back provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

The Benchmark Regulation could have a material impact on the Securities, as the reset Interest Rate will be determined by reference to 5 Year Mid-Swap Rate, which includes a floating leg based on six-month EURIBOR and which is deemed to be a "benchmark". Pursuant to the fall-back provisions applicable to the Securities, if such rate does not appear on the Screen Page at such time on such Reset Interest Rate Determination Date, reset Interest Rate shall be determined by reference to the Reset Reference Bank Rate. Investors should be aware that, if the 5 Year Mid-Swap Rate (or any component customarily used in the determination thereof) were unavailable this may, in certain circumstances, result in the effective application of a fixed rate.

The Interest Calculation Agent may be considered an 'administrator' under the Benchmark Regulation. This is the case if it is considered to be in control over the provision of the reset Interest Rate and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario. This would mean that the Interest Calculation Agent has control over the (i) administration of the arrangements for determining such rate, (ii) collection, analysis or processes of input data for the purposes of determining such rate and (iii) determination of such rate through the application of a method of calculation or by an assessment of input data for that purpose. Furthermore, for the Interest Calculation Agent to be considered an 'administrator' under the Benchmark Regulation, the determined reset Interest Rate and/or otherwise in determining the applicable rate of interest in the context of a fall-back scenario may be a benchmark (index) within the meaning of the Benchmark Regulation. This may be the case if the determined reset Interest Rate and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario, is published or made available to the public and regularly determined by the application of a method of calculation or by an assessment, and on the basis of certain values or surveys.

The Benchmark Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorised, recognised or endorsed, as applicable, in accordance with the Benchmark Regulation. There is a risk that administrators (which may include the Interest Calculation Agent in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorisation, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark. As a result, a fixed rate may apply to the Securities until the time that registration, authorised registration or endorsement of the relevant administrator has been completed.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effect on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to such “benchmarks”; (ii) trigger changes in the rules or methodologies used in the “benchmarks” or (iii) lead to the disappearance of the “benchmark” without being replaced by a successor benchmark.

Moreover, any significant change to the setting or existence of the 5 Year Mid-Swap Rate (or any component customarily used in the determination thereof) could affect the ability of the Issuer to meet its obligations under the Securities and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Securities.

Potential investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation and benchmark reforms, investigations and licensing issues in making any investment decision with respect to the Securities.

Redemption payments under the Securities must, under certain circumstances, be deferred

Notwithstanding that a notice of redemption has been delivered to holders of Securities, the Issuer must defer redemption of the Securities on any date set for redemption of the Securities pursuant to Condition 8 (*Redemption, Exchange, Variation and Purchase*) in the event that, *inter alia*, the Issuer cannot make the redemption payments in compliance with the Solvency Condition, the Solvency Capital Requirement is not met, the Minimum Capital Requirement is not met, the Regulatory Clearance Condition is not satisfied, an Insolvent Insurer Liquidation has occurred and is continuing or any other requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the Relevant Supervisory Authority have not been complied with following the proposed redemption or purchase (and will not continue to be complied with following the proposed redemption or purchase).

The deferral of redemption of the Securities does not constitute a default under the Securities for any purpose and does not give holders of Securities any right to take any enforcement action under the Securities. Where redemption of the Securities is deferred, the Securities will be redeemed by the Issuer on the earlier of (a) the date falling 10 Business Days after the date on which the Redemption and Purchase Conditions are met or otherwise waived pursuant to Condition 8.3 (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by Relevant Supervisory Authority*), (b) the date falling 10 Business Days after the date on which the Relevant Supervisory Authority has agreed to the repayment, redemption purchase, as applicable, of the Securities or (c) the date on which an Issuer Winding-up occurs.

Any actual or anticipated deferral of redemption of the Securities will likely have an adverse effect on the market price of the Securities. In addition, as a result of the redemption deferral provision of the

Securities, the market price of the Securities may be more volatile than the market prices of other debt securities without such deferral feature, including dated securities where redemption on the scheduled maturity date cannot be deferred, and the Securities may accordingly be more sensitive generally to adverse changes in the Issuer's financial condition.

Subject to certain conditions, the Issuer may redeem the Securities at the Issuer's option on certain dates

Subject, *inter alia*, to the Issuer being solvent (as defined), to compliance with the Solvency Capital Requirement and Minimum Capital Requirement and to satisfaction of the Regulatory Clearance Condition, the Issuer may redeem all (but not some only) of the Securities at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption. Such redemption may occur (i) on the First Call Date or any Interest Payment Date thereafter, (ii) in the event of certain changes in the tax treatment of the Securities or payments thereunder due to a Tax Deductibility Event or a Gross-Up Event or (iii) following the occurrence of (or if there will occur within six months) a Regulatory Event or a Ratings Methodology Event.

The Securities may therefore be subject to redemption if interest ceases to be fully deductible or withholding taxes were to apply as a result of a change in Dutch tax law or regulations or in their application or interpretation by the Dutch tax authorities after the Issue Date or from (and including) the Fungibility Date, the issue date of the 2017 Securities. Notwithstanding the abolishment of article 29a CITA as of 1 January 2019, and the assumed view of the Dutch government that without article 29a CITA the interest due in respect of the Securities will not be deductible for Dutch corporate income tax purposes, the Issuer has no intention to redeem the 2017 Securities (or, from and including the Fungibility Date, the Securities) triggered by a Tax Deductibility Event. See also “*Withholding tax*” and “*Deductibility of payments on the Securities*” below.

As further described above under “*As of 1 January 2016, the EU has introduced Solvency II, a new regime governing solvency margins and provisions, the effects of which and the Dutch regulator’s interpretation whereof remain uncertain to some extent. If the Group is not able to adequately comply with the Solvency II requirements, this could have a material adverse effect on its business, solvency, results and financial condition*” there may be fundamental changes or additions to the Relevant Rules in the future and it is therefore not possible to foresee what those changes might be and whether they would change the requirements applicable to the Securities. The Issuer may therefore have a redemption right following the Issue Date.

The Issuer may decide to redeem the Securities when its cost of borrowing is lower than the interest rate on the Securities. During any period when the Issuer may elect or may be perceived to be more likely to elect to redeem the Securities, the market value of the Securities generally will not rise above the price at which they can be redeemed. This may also be true prior to any redemption period.

An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Securities may be traded with accrued interest which may subsequently be subject to cancellation

The Securities may trade, and/or the prices for the Securities may appear, in trading systems with accrued interest. Purchasers of Securities in the secondary market may pay a price which reflects such accrued interest on purchase of the Securities.

If an Interest Payment is cancelled (in whole or in part) as described above, a purchaser of Securities in the secondary market will not be entitled to the accrued interest (or part thereof) reflected in the purchase price of the Securities.

Restricted remedy for non-payment when due

Any failure by the Issuer to pay interest when it is scheduled to be paid (or at all) or principal when due in respect of the Securities shall not constitute an event of default and does not give holders of the Securities any right to demand repayment of the principal amount of the Securities. If any of the following events occur: (i) insolvency (*faillissement*) of the Issuer, (ii) moratorium (*surseance van betaling* or *noodregeling*, as applicable) being applied to the Issuer, (iii) dissolution (*ontbinding*) or (iv) liquidation (*vereffening*) of the Issuer (other than an Approved Winding-up) (being an Issuer Winding-up), any holder of a Security may declare each Security held by that holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its principal amount and any accrued but unpaid interest from the previous Interest Payment Date up to (but excluding) the date of repayment. No other remedy against the Issuer shall be available to the holders of the Securities, whether for recovery of amounts owing in respect of the Securities or in respect of any breach by the Issuer of any of its obligations under or in respect of the Securities.

Securities may be subject to conversion into Ordinary Shares

Following the occurrence of a Conversion Trigger Event, the Securities will be converted into Ordinary Shares on the Conversion Date. Once the Conversion Shares have been issued and delivered to the Conversion Shares Depositary, all of the Issuer's obligations under the Securities (including any payment obligation in respect of principal and/or accrued interest) shall be irrevocably discharged and satisfied. As a result, holders of Securities may lose all or part of the value of their investment in the Securities as, following Conversion, they will receive only (i) the Conversion Shares and/or (ii) (if the Issuer elects that a Conversion Shares Offer be made) the Conversion Shares Offer Consideration. Although the market value of any Conversion Shares received by holders of Securities may increase in value over time, the Conversion Price at the time the Conversion Shares are issued may not reflect the market value of the Ordinary Shares.

Any such Conversion shall be irrevocable and holders of Securities shall not be entitled to any compensation in the event that the solvency position of the Issuer improves following Conversion (including if a Conversion Trigger Event has ceased to continue). Furthermore, the sole remedy available to holders of Securities in the event that the Issuer fails to deliver Conversion Shares to the Conversion Shares Depositary on or after a Conversion Trigger Event will be to apply to the court to obtain an order requiring the Issuer to issue and deliver such Conversion Shares to the Conversion Shares Depositary and to participate in the liquidation proceeds of the Issuer as if the Conversion Shares had been issued. Once the Conversion Shares to be delivered on Conversion have been issued and delivered to the Conversion Shares Depositary, the only claims holders of Securities will have will be against the Conversion Shares Depositary for delivery of Conversion Shares or Conversion Shares Offer Consideration, as applicable.

Other regulatory capital instruments may not be subject to a conversion or write-down

The terms and conditions of other regulatory capital instruments already in issue or to be issued after the date of this Offering Circular by the Issuer or any of its subsidiaries may vary and accordingly such instruments may not convert into equity or be written-down at the same time, or to the same extent, as the Securities, or at all. Further, regulatory capital instruments issued by a member of the Group with terms that require such instruments to be converted into equity and/or written-down when a solvency or

capital measure falls below a certain threshold, may not be converted or written-down in case of the occurrence of a Conversion Trigger Event if the relevant capital or solvency measure for triggering a conversion or write-down, as the case may be, under those instruments is calculated differently from the capital or solvency measures set out in the definition of Conversion Trigger Event. Also, regulatory capital instruments issued by any Subsidiary of the Issuer that are required pursuant to their terms to be converted into equity and/or fully or partially written down when the relevant capital or solvency measure falls below a certain threshold, may not be converted or written-down in case of the occurrence of a Conversion Trigger Event if the events triggering a conversion or write down, as the case may be, under the terms of those instruments are determined with respect to a group or sub-group of entities that is different from the Group. Therefore, the Securities may be subject to a greater degree of loss absorption than would otherwise have been the case had such other instruments been written down or converted at the same time as or prior to the Securities.

The occurrence of a Conversion Trigger Event may depend on factors outside of the Issuer's control

A Conversion Trigger Event shall occur if the Issuer determines at any time that (i) the amount of Own Fund Items eligible to cover the Solvency Capital Requirement is equal to or less than 75 per cent. of the Solvency Capital Requirement, (ii) the amount of Own Fund Items eligible to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement, or (iii) a breach of the Solvency Capital Requirement has occurred and such breach has not been remedied within a period of three months from the date on which the breach was first observed.

The occurrence of a Conversion Trigger Event and, therefore, Conversion is to some extent unpredictable and depends on a number of factors, some of which may be outside of the Issuer's control, including actions that the Issuer is required to take at the direction of the Relevant Supervisory Authority and regulatory changes. Accordingly, the trading behaviour of the Securities may not necessarily follow the trading behaviour of other types of subordinated securities, including the Issuer's other subordinated debt securities. Any indication that the Issuer or the Group may be at risk of failing to meet its Solvency Capital Requirement or Minimum Capital Requirement may have an adverse effect on the market price and liquidity of the Securities. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with proceeds sufficient to provide a yield comparable to other types of subordinated securities, including the Issuer's other subordinated debt securities. In addition, the risk of Conversion could drive down the price of the Ordinary Shares and have a material adverse effect on the market value of any Conversion Shares received upon Conversion.

The Issuer's interests may not be aligned with those of the holders of the Securities

The Issuer's satisfaction of the Solvency Condition and the availability of Issuer's Distributable Items as well as compliance with the Solvency Capital Requirement and Minimum Capital Requirement could be affected by a number of factors. They will also depend on the Group's decisions relating to its businesses and operations, as well as the management of its capital position. The Issuer will have no obligation to consider the specific interests of the holders in connection with the strategic decisions of the Group, including in respect of capital management. Holders of the Securities will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Group, including its capital position, regardless of whether they result in the occurrence of a Conversion Trigger Event. Such decisions could cause holders of the Securities to lose all or part of the value of their investment in the Securities.

Holders of Securities may receive Conversion Shares Offer Consideration instead of Ordinary Shares upon Conversion

The Issuer may elect, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depositary upon the occurrence of a Conversion Trigger Event. If the Issuer elects that a Conversion Shares Offer be conducted, the Conversion Shares Depositary (or an agent on its behalf) will make an offer of all or some of the Conversion Shares to all or some of the Shareholders or to any other third party. In this case holders of Securities may not ultimately receive any Conversion Shares or may receive fewer Conversion Shares than would have been the case if the Issuer had not elected that a Conversion Shares Offer be conducted.

Subject to the provisions of Condition 7 (*Conversion*), if all of the Conversion Shares are sold in the Conversion Shares Offer, holders of Securities will be entitled to receive, in respect of each Security and as determined by the Issuer, the pro rata share of the cash proceeds of the sale of the Conversion Shares attributable to such Security (less the pro rata share of any foreign exchange transaction costs, if any). If not all of the Conversion Shares are sold in the Conversion Shares Offer, holders of Securities shall be entitled to receive, in respect of each Security and as determined by the Issuer, (i) the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Security (less the pro rata share of any foreign exchange transaction costs, if any) together with (ii) the pro rata share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Security rounded down to the nearest whole number of Conversion Shares.

As set out in the Conditions, if any Conversion Shares are sold in the Conversion Shares Offer, the cash component of the Conversion Shares Offer Consideration shall never exceed the product of (a) the principal amount of such Security and (b) the proportion (expressed as a percentage) of the Conversion Shares sold in the Conversion Shares Offer, any excess of such cash component being forfeited and transferred to the Issuer. Furthermore, the Conversion Shares Offer Price may be lower than the Conversion Price.

No interest or other compensation is payable in respect of the period from the Conversion Date to the date of delivery of the Conversion Shares or on the cash proceeds from the sale of the Conversion Shares in the circumstances described above.

Notice of the results of any Conversion Shares Offer will be provided to holders of Securities only at the end of the Conversion Shares Offer Period. Accordingly, holders of Securities would not know the composition of the Conversion Shares Offer Consideration to which they may be entitled until the end of the Conversion Shares Offer Period.

Securities may be convertible into shares in an entity other than the Issuer where a Qualifying Change of Control occurs, or may be written-down to zero where a Non-Qualifying Change of Control occurs

If a Qualifying Change of Control occurs, the Securities will, following Conversion, become convertible into Relevant Shares of the Acquiror, as described in Condition 7.13 (*Change in Terms on Change of Control*). The Issuer can provide no assurances as to the nature of any such Acquiror or the risks associated with becoming an actual or potential shareholder therein. A Qualifying Change of Control may, therefore, have an adverse effect on the value of the Securities.

If a Non-Qualifying Change of Control occurs then the Securities shall not be subject to Conversion at any time notwithstanding that a Conversion Trigger Event may occur subsequently but, instead, upon the occurrence of a Conversion Trigger Event subsequent to a Non-Qualifying Change of Control the full principal amount outstanding of each Security will automatically be written down to zero, each Security

will be cancelled and each Security will be de-listed from the Official List and will no longer be traded on the GEM. A Non-Qualifying Change of Control may therefore have an adverse effect on the value of the Securities.

Conversion Price is fixed at the time of issue of the Securities

Subject to certain limited anti-dilution provisions set out in Condition 7.8 (*Adjustment of Conversion Price*), the Conversion Price is fixed at the time of issue of the Securities. A Conversion Trigger Event is linked to a deterioration in the regulatory solvency position of the Issuer on a consolidated basis and, therefore, its occurrence will likely be accompanied and preceded by a deterioration in the market price of the Ordinary Shares. Therefore, if a Conversion Trigger Event were to occur, investors would receive Conversion Shares at a time when the market price of the Ordinary Shares is likely to be diminished. In addition, there may be a delay in a Holder of a Security receiving its Conversion Shares following a Conversion Trigger Event, during which time the market price of the Ordinary Shares may further decline. As a result, the realisable value of the Conversion Shares may be significantly below the Conversion Price.

Although the market value of such Conversion Shares may increase over time, they may never be equal to the principal amount of the Securities converted.

Holders of Securities must submit a Conversion Shares Settlement Notice to receive delivery of Conversion Shares or Conversion Shares Offer Consideration following Conversion

In order to obtain delivery of the relevant Conversion Shares or the Conversion Shares Offer Consideration, as applicable, following a Conversion of the Securities, the relevant holder of a Security must deliver, *inter alia*, a duly completed Conversion Shares Settlement Notice to the Conversion Shares Depository, which must contain specified information, including the holder of Security's account details with the securities depository system operated by Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (**Euroclear Netherlands**). Accordingly, a holder of a Security (or its nominee, custodian or other representative) will have to have an account with Euroclear Netherlands in order to receive the Conversion Shares. Any holder of a Security delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares or the relevant Conversion Shares Offer Consideration, as applicable, satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order to receive delivery of such Conversion Shares or such Conversion Shares Offer Consideration, as applicable. The Issuer shall have no liability to any holder of a Security for any loss resulting from such holder of a Security not receiving any Conversion Shares or the relevant Conversion Shares Offer Consideration, as applicable, or from any delay in the receipt thereof, in each case as a result of such holder of a Security failing to submit, *inter alia*, a valid Conversion Shares Settlement Notice, on a timely basis or at all.

The Securities will remain in existence following Conversion for a period with holders of Securities having limited rights

Following Conversion, the Securities will remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the sole purpose of evidencing each holder of a Security's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository. All obligations of the Issuer under the Securities shall be irrevocably released in consideration of the Issuer's issuance and delivery of the Conversion Shares to the Conversion Shares Depository on the Conversion Date, and under no circumstances shall such released obligations

be reinstated. The Securities shall be cancelled on the applicable Settlement Date (or, if earlier, the Final Cancellation Date).

Receipt by the Conversion Shares Depositary of the Conversion Shares shall irrevocably discharge and satisfy the Issuer's obligations in respect of the Securities and a holder of a Security shall, with effect on and from the Conversion Date, only have recourse to the Conversion Shares Depositary for the delivery to it of the relevant Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made, of any Conversion Shares Offer Consideration to which such holder of a Security is entitled. The Issuer shall not have any liability for the performance of the obligations of the Conversion Shares Depositary. There may, therefore, be a period following Conversion during which the holders of Securities remain in possession of their Securities but are owed no obligations thereunder by the Issuer.

There may be a delay in holders of Securities being able to transfer any Conversion Shares following Conversion

Although the holders of Securities will become beneficial owners of the Conversion Shares upon the issuance of such Conversion Shares to the Conversion Shares Depositary and the Conversion Shares will be registered in the name of the Conversion Shares Depositary (or the relevant recipient in accordance with the terms of the Securities), no holder of a Security will be able to sell or otherwise transfer any Conversion Shares until such time as they are finally delivered to such holder of a Security and registered in its name.

Holders of Securities are subject to all changes made with respect to Conversion Shares prior to the Conversion Date

Holders of Securities will be unable to exercise voting rights and other rights related to any Conversion Shares until such Conversion Shares have been issued and delivered to the Conversion Shares Depositary following the Conversion Date and subsequently delivered to the holders of Securities. Prior to such delivery to the Conversion Shares Depositary, holders of Securities will be subject to all changes made with respect to the Conversion Shares but will not be entitled to any of the rights of a shareholder.

Holders of Securities are particularly exposed to changes in the market price of Ordinary Shares

Investors in convertible or exchangeable securities often seek to hedge their exposure in the underlying equity securities at the time of or following the acquisition of the convertible or exchangeable securities, often through short selling of the underlying equity securities or through similar transactions. Prospective investors in the Securities may similarly look to sell Ordinary Shares during the term of the Securities, most likely if they perceive the risk of Conversion to be becoming more proximate. This could drive down the price of the Ordinary Shares. Since the Securities will (subject to election by the Issuer that a Conversion Shares Offer be made) mandatorily convert into Conversion Shares upon a Conversion Trigger Event, the price of the Ordinary Shares may be more volatile if a Conversion Trigger Event appears likely to occur.

Holders of Securities may be subject to taxes following Conversion

The Issuer will not pay any taxes, capital, stamp, issue and registration or transfer taxes or duties arising upon Conversion or that may arise as a consequence of the issue and delivery of Conversion Shares to the Conversion Shares Depositary. Holders of Securities must pay any taxes and capital, stamp, issue and registration and transfer taxes or duties arising upon Conversion (other than on the transfer and delivery of any Conversion Shares to a purchaser in any Conversion Shares Offer which in each case shall be payable by the relevant purchaser of the Conversion Shares) and such holders of Securities must pay all,

if any, such taxes or duties arising by reference to any disposal or deemed disposal of its Securities or interest therein.

Deductibility of payments on the Securities

As of 1 January 2014 up to and including 31 December 2018, article 29a of the Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*, **CITA**) was into force which article provided, among others, for debt treatment of securities that qualify as additional tier 1 capital under article 52 of the CRR in respect of the determination of the profit for Dutch corporate income tax purposes. In addition, article 29a CITA determined that such securities do not qualify as a loan within the meaning of article 10, paragraph 1, under d CITA. As a result, the interest payments on additional tier 1 capital were not limited in deductibility on the basis of article 10, paragraph 1 under d CITA. Provided no other specific interest deduction limitation rule of the CITA applied, the interest payments on additional tier 1 capital were deductible for Dutch corporate income tax purposes pursuant to the CITA.

However, as of 1 January 2019, article 29a CITA has been abolished. The assumed view of the Dutch government is that without article 29a CITA the interest due in respect of the Securities will not be deductible for Dutch corporate income tax purposes. The assumed view of the Dutch government is based on the position that the Securities do not qualify as a debt instrument (*vreemd vermogen*) for Dutch civil law purposes. This position is not undebated and may be subject to legal challenge. Currently, the deductibility of the interest payments on the Securities for Dutch corporate income tax purposes is therefore uncertain. Should it be determined by the Issuer, the Dutch tax authorities or a judicial authority that based on the tax legislation in force as of the date of this Offering Circular the interest payments on the Securities would not be deductible for Dutch corporate income tax purposes, this will not trigger the conditions for redemption of the Securities following a Tax Deductibility Event. However, the non-deductibility of interest may cause the Issuer to redeem the Securities at the earliest possible date pursuant to Condition 8.6.

Withholding tax

The absence of any Dutch withholding tax on payments in respect of the Securities is based, amongst others, on public statements made by the Dutch Minister of Finance and the Dutch State Secretary of Finance confirming that no Dutch dividend withholding tax is payable on the coupons of Tier 1 capital instruments. If the Dutch Minister of Finance and the Dutch State Secretary of Finance change their position in respect of interest payments on Tier 1 capital instruments and if the interest payments by the Issuer on the Securities would be subject to withholding tax imposed by the Netherlands, the Issuer could be entitled to exercise its right to redeem the Securities pursuant to Condition 8.7.

It is not certain whether the European Commission agrees with the reasoning of the Dutch government with respect to the absence of withholding tax. It is possible that the European Commission takes the position that not requiring the imposition of withholding tax on Tier 1 capital instruments is in contravention of EU state aid prohibitions.

Tax Plan 2020 of the Dutch government

On 17 September 2019, the Dutch Ministry of Finance published its Tax Plan 2020 (*Pakket Belastingplan 2020*). The Tax Plan 2020 includes two measures that in particular may become relevant within the context of the Dutch tax treatment of the Issuer, the Securities, and/or payments in respect of the Securities, being (i) the introduction of a conditional withholding tax on interest and royalties and (ii) the introduction of a thin capitalisation rule for banks and insurers.

With respect to the first measure, the Tax Plan 2020 proposes to introduce a conditional withholding tax on interest and royalties that will apply from 2021. The conditional withholding tax is an anti-abuse measure and will apply to interest and royalty payments by a Dutch entity (broadly defined) directly or – if certain requirements are met – indirectly, to a related entity or permanent establishment of such entity (i) in a low-tax jurisdiction or (ii) in cases of abuse. An entity is related if it can directly or indirectly control the decisions made by the other entity on its activities (a qualifying interest). This is for example the case if it has more than 50% of the voting rights. The controlling entity can either be the paying or the receiving entity. Furthermore, an entity is related, if a third party has a qualifying interest in both the paying and receiving entity. An entity is also related if it has an interest, but not a qualifying interest in the Dutch entity, but it is part of a cooperating group of entities which as a total has a qualifying interest in the Dutch entity that makes the payment.

Although the scope of the new rule, when enacted, is limited to group entities, it could potentially be applicable to payments under the Securities.

In relation to the second measure, the Tax Plan 2020 proposes to introduce a thin capitalisation rule for banks and insurers restricting deductibility of interest as of 1 January 2020. The rules would apply to licensed banks and insurers with a registered office in the Netherlands and foreign banks and insurers with a permanent establishment in the Netherlands. In short, the rule would apply to insurance companies with an equity of less than 8% of the balance sheet total (to be determined on the basis of a set of specific provisions which refer, amongst others, to Solvency II). If the rule is implemented in Dutch law in accordance with this draft legislation, the thin capitalisation rule may have an adverse impact on the amount of interest that the Issuer can deduct for Dutch corporate income tax purposes and thus on its financial position.

Changes to Solvency II may increase the risk of the occurrence of a Conversion Trigger Event, cancellation of Interest Payments, the deferral or redemption or purchase of the Securities by the Issuer or the occurrence of a Regulatory Event

Solvency II requirements adopted in the Netherlands, whether as a result of further changes to Solvency II or changes to the way in which the Relevant Supervisory Authority interprets and applies these requirements to the Dutch insurance industry, may change. Any such changes, either individually and/or in aggregate, may lead to further unexpected requirements in relation to the calculation of the Group's Solvency Capital Requirement, and such changes may make the Group's regulatory capital requirements more onerous. Such changes that may occur in the application of Solvency II in the Netherlands subsequent to the date of this Offering Circular and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the required characteristics of Tier 1 Own Funds or the calculation of the Group's Solvency Capital Requirement or the Minimum Capital Requirement and thus increase the risk of cancellation of Interest Payments and/or deferral of the repayment of the principal amount of the Securities or, conversely, increase the risk of the occurrence of a Regulatory Event and subsequent redemption of the Securities by the Issuer, or a Conversion Trigger Event occurring, which will lead to a Conversion, as a result of which a Holder of a Security could lose all or part of the value of its investment in the Securities.

Holders of Securities may be obliged to make a take-over bid following a Conversion Trigger Event if they take delivery of Common Shares

Upon the occurrence of a Conversion Trigger Event, holders receiving Conversion Shares from the Conversion Shares Depository may have to make a take-over bid addressed to the shareholders of the Issuer pursuant to the rules of Dutch law implementing the Takeovers Directive (2004/25/EC) as

amended or replaced from time to time if their aggregate holdings in the Issuer reach a specified percentage (currently 30 per cent.) of the voting rights in the Issuer as a result of Conversion of the Securities into Conversion Shares.

Holders of Securities may be subject to disclosure obligations and/or may need approval by the Relevant Supervisory Authority

As the Securities are mandatorily convertible into Conversion Shares following a Conversion Trigger Event, an investment in the Securities may result in holders of Securities, following such Conversion, having to comply with certain disclosure and/or approval requirements pursuant to laws and regulations applicable in the Netherlands. For example, pursuant to Dutch law, the Issuer (and the Netherlands Authority for the Financial Markets (the **AFM**)) must be notified by a person when the percentage of voting rights or shares in the Issuer (including, for this purpose, depositary receipts) controlled by that person (together with its concert parties), by virtue of direct or indirect holdings of shares aggregated with direct or indirect holdings of certain financial instruments, reaches or crosses 3 per cent. and certain specified percentage points thereafter.

Furthermore, as Conversion Shares may represent capital instruments in or voting securities of a parent undertaking of a number of regulated Group entities, under the laws of the Netherlands and other jurisdictions, ownership of the Securities themselves or Conversion Shares above certain levels may require the Holder to obtain regulatory approval or subject the Holder to additional regulation.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrence by holders of Securities of substantial fines. Any potential investor should consult its financial, legal and other professional advisers as to the terms of the Securities and the potential consequences for such potential investor if a Conversion Trigger Event were to occur and such potential investor received Conversion Shares. In particular, each potential investor should satisfy themselves, both at the time of investing in the Securities and for so long as such investor remains a Holder of a Security, that the maximum number of Conversion Shares that it could receive following Conversion, when aggregated with its other relevant holdings of Ordinary Shares, would not give rise to any of the consequences described above, or any other legal or regulatory implications.

Holders of Securities have limited anti-dilution protection

On the Conversion Date, the number of Conversion Shares in respect of each Security to be delivered will be determined by dividing the principal amount outstanding of such Security by the Conversion Price prevailing on such date. Fractions of Conversion Shares will not be delivered to the Conversion Shares Depositary or to holders of Securities upon a Conversion and no cash payment will be made in lieu thereof.

In summary, the Conversion Price will be adjusted in accordance with Condition 7.8 (*Adjustment of Conversion Price*) in the event that there is (i) a consolidation, reclassification or subdivision of Ordinary Shares, (ii) an issuance of Ordinary Shares in certain circumstances by way of capitalisation of profits or reserves, (iii) an Extraordinary Dividend, (iv) a rights issue, (v) an issuance of securities other than Ordinary Shares (or options, warrants or other rights to subscribe or purchase such shares), (vi) an issuance of Ordinary Shares (other than Conversion Shares or other Ordinary Shares issued in exchange for certain convertible instruments) wholly for cash or for no consideration, (vii) an issuance of securities (other than the Securities or any further issuance of the Securities), (viii) a modification of the rights of conversion, exchange, subscription purchase or acquisition attaching to any securities other than the Securities (or any further issuance of Securities), (ix) an issuance of securities in connection with which

shareholders of the Issuer are entitled to participate in arrangements whereby such securities may be acquired by them or (x) a determination is made by the Issuer that the Conversion Price should be reduced for whatever reason (but only in the situations and to the extent provided in Condition 7 (*Conversion*)). There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Conversion Shares. Furthermore, the adjustment events that are included are less extensive than those often included in the terms of convertible securities. Accordingly, the occurrence of events in respect of which no adjustment to the Conversion Price is made may adversely affect the value of the Securities.

Disapplication of anti-dilution provisions

As described in risk factor “Holders of Securities have limited anti-dilution protection” above, the Conversion Price will only be adjusted in limited circumstances. However, notwithstanding the anti-dilution provisions, no adjustment will be made to the Conversion Price where, as confirmed by a certificate signed by two (2) directors of the Issuer, the same would cause the Securities to cease qualifying as Tier 1 Own Funds of the Issuer or as other equivalent regulatory capital of the Issuer under the Relevant Rules. Accordingly, there may be circumstances where the anti-dilution provisions will not be applied as a result of a sole determination by the Issuer and no adjustment will be made to the Conversion Price in such circumstances. The occurrence of such an event may adversely affect the value of the Securities.

Modification and waivers

The Conditions contain provisions for calling meetings of holders of Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Securities including holders of Securities who did not attend and vote at the relevant meeting and holders of Securities who voted in a manner contrary to the majority. The Conditions also provide that, subject to the satisfaction of the Regulatory Clearance Condition, the Fiscal Agent and the Issuer may amend the Conditions, where such modification is of a formal, minor or technical nature or is made to correct a manifest error or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein, without the consent of holders of Securities.

Variation of the terms of the Securities upon the occurrence of a Regulatory Event or a Ratings Methodology Event

Subject to, among other things, prior approval of the Relevant Supervisory Authority, if a Regulatory Event or a Ratings Methodology Event has occurred and is continuing, then the Issuer may, at its option and without any consent or approval of the holders of the Securities, elect at any time to vary the terms of the Securities so that the relevant event no longer exists after such modification. Whilst the modified Securities must have terms not materially less favourable to holders of the Securities than the terms of the Securities, there can be no assurance that, due to the particular circumstances of each holder, such modified Securities will be as favourable to each holder in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the modified Securities are not materially less favourable to holders than the terms of the Securities.

No limitation on issuing senior or pari passu securities

Subject to complying with applicable regulatory requirements in respect of the Issuer’s leverage and capital ratios, there is no restriction on the amount of securities which the Issuer may issue, which securities rank senior to, or *pari passu*, the Securities. The issue of any such securities may reduce the amount recoverable by holders of Securities on a winding-up of the Issuer and/or may increase the

likelihood of a cancellation of interest payments under the Securities. Accordingly, in the winding-up of the Issuer, after payment of the claims of senior ranking creditors, there may not be a sufficient amount to satisfy the amounts owing to holders of Securities.

The terms of the Securities contain very limited covenants

There is no negative pledge in respect of the Securities. The Issuer is generally permitted to sell or otherwise dispose of any or substantially all of its assets to another corporation or other entity under the terms of the Securities. If the Issuer decides to dispose of a large amount of its assets, investors in the Securities will not be entitled to declare an acceleration of the maturity of the Securities, and those assets will no longer be available to support the Securities.

In addition, the Securities do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Securities.

Payments made under some junior or equally ranking instruments (including dividends) will not trigger an obligation on the Issuer to make payments on the Securities

The Conditions do not contain any restriction on the ability of the Issuer to pay dividends on its Ordinary Shares. This could decrease the profits that are available for distribution and therefore increase the likelihood of a cancellation of payments of interest. Furthermore, payments on any other securities qualifying as Tier 1 Own Funds and on any Junior Obligations, will not oblige the Issuer to make payments on the Securities.

At the time of publication of this Offering Circular, it is the intention of the Executive Board of the Issuer to consider the relative ranking of the Ordinary Shares and any Tier 1 Own Funds in issue (including the Securities and the 2017 Securities) in the capital structure whenever exercising its discretion as to whether or not to declare dividends or pay interest. However, the Executive Board may depart from this approach at any time in its sole discretion.

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

Change of law

The Conditions are based on Dutch law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Dutch law or administrative practice after the date of issue of the Securities.

Many of the defined terms in the Conditions of the Securities depend on the final interpretation and implementation of Solvency II. Further, the Relevant Supervisory Authority may interpret the Relevant Rules, or exercise discretion accorded to the regulator under the Relevant Rules in a different manner than expected. The manner in which many of the concepts and requirements under the Relevant Rules will be applied to the Group over time remains uncertain.

Future regulatory proposals may also impose further restrictions on the Issuer's ability to make payments on the Securities. These issues and other possible issues of interpretation make it difficult to determine

whether a Regulatory Event will occur, whether scheduled interest payments will be made on the Securities or whether a Conversion Trigger Event will occur. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Securities.

Limitation on gross-up obligation under the Securities

The Issuer's obligation, if any, to pay Additional Amounts in respect of any withholding or deduction in respect of taxes under the terms of the Securities applies only to payments of interest due and paid under the Securities and not to payments of principal.

As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Securities to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Securities, Holders may receive less than the full amount due under the Securities, and the market value of the Securities may be adversely affected. In addition, any payment of Additional Amounts may be subject to optional or mandatory cancellation by the Issuer in accordance with Condition 6.1 (*Optional Cancellation of Interest Payments*) or Condition 6.2 (*Mandatory Cancellation of Interest Payments*).

Risks related to the Securities generally

The Securities are complex instruments that may not be a suitable investment for all investors

Each potential investor in the Securities 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 Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular 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 Securities and the impact the Securities will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Securities and be familiar with the behaviour of financial markets and with the regulatory framework applicable to the Issuer;
- 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; and
- consult its legal advisers in relation to possible legal or fiscal risks that may be associated with any investment in the Securities.

The Securities are complex financial instruments. Sophisticated institutional investors generally purchase complex financial instruments as part of a wider financial structure rather than as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor

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

Fungibility Risks

Subject to the fulfilment of the Fungibility Conditions (as defined below), the Securities may without the consent of the holders of the Securities be consolidated and form a single series with the 2017 Securities on the Fungibility Date. The Issuer is dependent on a successful result of the consent solicitation to allow for such consolidation. Therefore, at the date of this Offering Circular there is no certainty whether the Fungibility Conditions will be met and whether the Securities will become consolidated and form a single series with the 2017 Securities. If the Fungibility Conditions are not met, the Securities will continue to be outstanding on a non-consolidated basis, will not be in a benchmark size and will not have any connection with the 2017 Securities. This may significantly reduce the market value of Securities.

Absence of public markets for the Securities

The Securities constitute a new issue of securities by the Issuer and have no established trading market. Although application has been made for the Securities to be admitted to the Official List and to trading on the GEM, there can be no assurance that an active public market for the Securities will develop. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Even if an active trading market does develop, it may not be liquid and may not continue. Therefore, investors may not be able to sell their Securities easily or at all or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies have been structured to meet the investment requirements of limited categories of investors or include features such as Conversion. If the secondary market for the Securities is limited, there may be few buyers for the Securities and this may significantly reduce the market value of Securities.

If an investor holds Securities which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holdings. In addition, the imposition of exchange controls in relation to any Securities could result in an investor not receiving payments on those Securities.

The Issuer will pay principal and interest on the Securities 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 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 Securities, (2) the Investor's Currency equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in

respect of the Securities. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Interest rate risks

The Securities bear interest at the Interest Rate determined periodically in respect of each Interest Payment Date. An investment in the Securities during that time involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities.

Credit ratings may not reflect all risks

The credit ratings assigned to the Securities 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 Securities. 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 rating assigned to the Issuer and/or the Securities may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. The credit rating agencies may also revise the ratings methodologies applicable to issuers within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting the Issuer's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to the Issuer and/or its securities, which in turn could reduce the liquidity or market value of the Securities.

The Securities are expected to be rated as non-investment grade securities by certain rating agencies and will be subject to the risks associated with non-investment grade securities

The Securities, upon issue, are expected to be rated as non-investment grade securities by S&P, and as such may be subject to a higher risk of price volatility than higher-rated securities. The trading prices of securities rated below investment grade are often more sensitive to adverse Issuer, political, regulatory, market and economic developments, and may be more difficult to sell, than higher-rated securities. In addition, the ratings assigned to the Securities are subject to future changes in rating agency methodologies. If any rating assigned to the Securities and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Securities may be reduced.

Credit ratings do not imply that interest will be paid

A credit rating is not a statement as to the likelihood or otherwise of cancellation of interest on the Securities or of the likelihood of a Trigger Event occurring. Holders of the Securities may have a greater risk of cancellation of interest payments than persons holding other securities with similar credit ratings but no, or more limited, loss absorption provisions.

The market value of the Securities may be influenced by factors beyond the Issuer's control

Many factors, most of which are beyond the Issuer's control, will influence the market value of the Securities and the price, if any, at which securities dealers may be willing to purchase or sell the Securities in the secondary market. Such factors include any credit ratings assigned to the Issuer and the Securities (and any subsequent downgrading thereof), the creditworthiness of the Issuer and in particular the Issuer and the Group's compliance with the Solvency Capital Requirement and the Minimum Capital Requirement, supply and demand for the Securities, the Interest Rate applicable to the Securities from

time to time, the trading price of the Ordinary Shares, exchange rates and macro-economic, political, regulatory or judicial events which affect the Issuer or the markets in which it operates.

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 (i) the Securities and any Conversion Shares which may be delivered upon conversion of the Securities are legal investments for it, (ii) the Securities and any Conversion Shares which may be delivered upon conversion of the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Securities and any Conversion Shares which may be delivered upon conversion of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities and any Conversion Shares which may be delivered upon conversion of the Securities under any applicable risk-based capital or similar rules.

Investors must rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Securities will be represented by the Global Certificate upon issue. The Global Certificate will be registered in the name of a nominee for the Common Depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Securities. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Securities are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg and will receive and provide any notices only through Euroclear or Clearstream, Luxembourg.

While the Securities are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Securities by making payments to or to the order of the registered holder as nominee for the Common Depositary for Euroclear or Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of Securities may not receive and may not be able to trade Securities in definitive form

It is possible that the Securities may be traded in amounts that are not integral multiples of EUR 200,000. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than EUR 200,000 in its account with the relevant clearing system in case Securities in definitive form are issued may not receive a Security in definitive form in respect of such holding (should Securities in definitive form be issued) and may need to purchase a principal amount of Securities such that its holding amounts to at least EUR 200,000. If Securities in definitive form are issued, holders should be aware that Securities in definitive form which have a denomination that is not an integral multiple of EUR 200,000 may be illiquid and difficult to trade.

Potential Conflicts of Interest

The Joint Lead Managers and their respective affiliates have engaged, and/or may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with

the Issuer and its affiliates and in relation to securities issued by any entity of the Group. They have or may (a) engage in investment banking, trading or hedging activities including in activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (b) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group or (c) act as financial advisers to the Issuer or other companies of the Group. In the context of these transactions, some of the Joint Lead Managers have or may hold shares or other securities issued by entities of the Group. Where applicable, they have or will receive customary fees and commissions for these transactions.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the following documents:

- (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 2017 and 31 December 2018 as included on page 121 up to and including page 253 of the English language version of the Issuer's annual report for 2017 and on page 140 up to and including page 274 of the English version of the Issuer's annual report for 2018, respectively;
- (B) the auditor's report for each of the years ended 31 December 2017 and 31 December 2018 which appear on page 261 up to and including 270 of the English language version Issuer's annual report for 2017 and on page 284 up to and including page 293 of the English language version Issuer's annual report for 2018, 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 and the independent auditors review report, in respect of the six months ended 30 June 2019 as included on page 28 up to and including page 68 and page 69 of the English language version of the Issuer's interim report for the first half year of 2019; and
- (D) The articles of association (*statuten*) of the Issuer dated 9 June 2016 (the **Articles of Association**),

all of which have been previously published or are published simultaneously with this Offering Circular and which have been filed with Euronext Dublin. Such documents shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular. Those parts of the documents incorporated by reference in this Offering Circular which are not specifically incorporated by reference in this Offering Circular are either not relevant for prospective investors in the Securities or the relevant information is included elsewhere in this Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular is delivered, a copy of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above, in which case the modified or superseding version of such document will be provided. Such documents may be obtained from the Issuer, c/o Archimedeslaan 10, 3584 BA Utrecht, The Netherlands. In addition, this Offering Circular and any document which is incorporated herein by reference will be made available on the website of the Issuer: <http://asrnl.com/investor-relations/annual-reports>.

TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the terms and conditions of the Securities (as defined below) that, save for the text in italics, shall be applicable to the Certificates (as defined below) in definitive form (if any) issued in exchange for the Global Certificate representing the Securities. The full text of these terms and conditions shall be endorsed on the Certificates relating to such Securities. Provisions in italics do not form part of the Conditions (as defined below).

The issue of the EUR200,000,000 Perpetual Restricted Tier 1 Contingent Convertible Securities (the **Securities**, which expression shall in these Conditions (as defined below), unless the context otherwise requires, include any further securities issued pursuant to Condition 18 (*Further Issues and Consolidation*) and forming a single series with the Securities) of ASR Nederland N.V. (the **Issuer**) and the contingent issue of the Conversion Shares (as defined below) was authorised by a resolution of the Executive Board of the Issuer passed on 13 September 2019 and the Supervisory Board passed on 27 August 2019.

A fiscal agency agreement dated 24 September 2019 (as modified, replaced and/or supplemented from time to time, the **Agency Agreement**) has been entered into in relation to the Securities between the Issuer, Deutsche Bank AG, London Branch as fiscal agent and the paying agents named therein. The fiscal agent and the paying agents, the registrar, the transfer agent and the interest calculation agent for the time being (if any) are referred to below respectively as the **Fiscal Agent**, the **Paying Agents** (which expression shall include the Fiscal Agent and the Registrar), the **Registrar**, the **Transfer Agent** and the **Interest Calculation Agent**. A conversion calculation agency agreement dated 24 September 2019 (as modified, replaced and/or supplemented from time to time, the **Conversion Calculation Agency Agreement**) has been entered into in relation to the Securities between the Issuer and Conv-Ex Advisors Limited as conversion calculation agent (the **Conversion Calculation Agent** which expression shall include any successor as conversion calculation agent). These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Agency Agreement, which includes the form of the Certificates referred to below.

Copies of the Agency Agreement and Conversion Calculation Agency Agreement are available for inspection during normal business hours by the holders of the Securities at the specified offices of the Paying Agents and the Conversion Calculation Agent, respectively.

The holders of the Securities are deemed to have notice of, and are bound by, each of the provisions of the Agency Agreement applicable to them.

The owners shown in the records of each of Euroclear Bank SA/NV and Clearstream Banking, S.A. of book-entry interests in Securities are deemed to have notice of, and are bound by, each of the provisions of the Agency Agreement applicable to them.

Capitalised terms and expressions used in these Conditions but not otherwise defined herein shall, unless the context requires otherwise, have the meanings given to them in the Agency Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Securities are issued in registered form in denominations of EUR200,000 and integral multiples of EUR1,000 in excess thereof. A security certificate (each a **Certificate**) will be

issued to each holder of a Security in respect of its registered holding of Securities. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of holders of the Securities which the Issuer will procure to be kept by the Registrar (the **Register**).

1.2 Title

Title to the Securities passes only by registration in the Register. The holder of any Security will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, **holder of a Security** and (in relation to a Security) **holder** means the person in whose name a Security is registered in the Register.

2. TRANSFERS OF SECURITIES AND ISSUE OF CERTIFICATES

2.1 Transfers

A Security may be transferred by depositing the Certificate issued in respect of that Security, with the form of transfer on the back duly completed and signed, at the specified office of the Transfer Agent.

2.2 Delivery of new Certificates

Each new Certificate to be issued upon a transfer of Securities will, within five (5) Business Days of receipt by the Transfer Agent of the duly completed form of transfer endorsed on the original Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Security to the address specified in the form of transfer.

Where some but not all of the Securities in respect of which a Certificate has been issued are to be transferred, a new Certificate in respect of the balance of Securities not so transferred will, within five (5) Business Days of receipt by the Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of a Security not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of any Securities will be effected without charge by or on behalf of the Issuer or the Transfer Agent but upon payment (or the giving of such indemnity as the Issuer or the Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed periods

No holder of a Security may require the transfer of a Security to be registered:

- (a) during the period of fifteen (15) days ending on the due date for any payment of principal or interest on that Security; or
- (b) at any time after the second Business Day following the giving of a Conversion Trigger Notice by the Issuer.

2.5 Regulations

All transfers of Securities and entries on the Register will be made subject to the detailed regulations concerning transfer of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any holder of a Security who requests one.

3. STATUS OF THE SECURITIES

The Securities constitute unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the holders of the Securities are subordinated as described in Condition 4 (*Subordination*).

4. SUBORDINATION

4.1 Solvency Condition

Other than where Condition 4.2 (*Winding-up prior to a Conversion Trigger Event*) or Condition 4.3 (*Winding-up on or after a Conversion Trigger Event*) applies, all payments in respect of or arising from (including any damages for breach of any obligations under) the Securities shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be due and payable by the Issuer in respect of or arising from (including any damages for breach of any obligations under) the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the **Solvency Condition**).

For the purposes of this Condition 4.1, the Issuer will be **solvent** if it:

- (a) is able to pay its debts owed under its Senior Obligations as they fall due; and
- (b) has Assets that exceed its Liabilities.

A certificate as to solvency of the Issuer signed by two (2) Directors shall, in the absence of manifest error, be treated and accepted by the Issuer, the holders of the Securities and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Fiscal Agent shall be entitled to rely on such certificate without liability to any person.

Any payment of interest that would have been due but for the operation of this Condition 4.1 shall be cancelled pursuant to Condition 6.2 (*Mandatory Cancellation of Interest Payments*).

4.2 Winding-up prior to a Conversion Trigger Event

If at any time prior to the date on which a Conversion Trigger Event occurs any of the following events occur: (i) insolvency (*faillissement*) of the Issuer, (ii) moratorium (*surseance van betaling* or *noodregeling*, as applicable) being applied to the Issuer, (iii) dissolution (*ontbinding*) or (iv) liquidation (*vereffening*) of the Issuer (other than an Approved Winding-up) (such events (i) through (iv) each being an **Issuer Winding-up**), the payment obligations of the Issuer under the Securities shall rank in right of payment after the claims in respect of all Senior Obligations of the Issuer (and payment to holders of the Securities may only be made and any set-off by holders of the Securities shall be excluded until all obligations of the Issuer in respect

of such Senior Obligations have been satisfied), but, as the case may be, *pari passu* with claims in respect of Parity Obligations and in priority to claims in respect of any Junior Obligations.

4.3 Winding-up on or after a Conversion Trigger Event

If, at any time on or after the date on which a Conversion Trigger Event occurs, an Issuer Winding-up occurs but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depositary on Conversion in accordance with Condition 7 (*Conversion*) have not been so issued and delivered, each holder of Securities shall have a claim (in lieu of any other payment by the Issuer) for the amount, if any, it would have been entitled to receive if the Conversion relating to such Conversion Trigger Event had occurred, and the relevant number of Conversion Shares to which such holder would have been entitled had been delivered to such holder, immediately prior to the Issuer Winding-up occurring, in accordance with Condition 7 (*Conversion*) (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with Condition 7.5 (*Conversion Shares Offer*)), whether or not the conditions referred to in Condition 4.1 (*Solvency Condition*) are satisfied on the date upon which the same would otherwise be due and payable.

4.4 Set-off and counterclaim

By acceptance of the Securities, each holder of a Security will be deemed to have waived any right of set-off or counterclaim that such holder of a Security might otherwise have against the Issuer in respect of or arising under the Securities whether prior to or in bankruptcy or winding-up. Notwithstanding the preceding sentence, if any of the rights and claims of any holder of a Security in respect of or arising under or in connection with the Securities are discharged by set-off, such holder of a Security will, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, if applicable, the liquidator or receiver of the Issuer and, until such time as payment is made, will hold a sum equal to such amount for the Issuer or, if applicable, the liquidator or receiver in the Issuer's bankruptcy or winding-up. Accordingly, any such discharge will be deemed not to have taken place.

5. INTEREST

5.1 Interest Rate

(a) Subject to Conditions 6 (*Interest Cancellation*) and 7 (*Conversion*), the Securities bear interest on their principal amount:

- (i) from (and including) the Issue Date up to (but excluding) the First Call Date, at a fixed rate of 4.625 per cent. per annum; and
- (ii) thereafter at a fixed rate of interest which will be reset on the First Call Date and on each fifth anniversary of the First Call Date thereafter (each such date, a **Reset Date**) as the sum of the applicable 5 Year Mid-Swap Rate in relation to that Reset Period, plus the Margin, converted to a semi-annual rate in accordance with market convention (rounded to three decimal places with 0.0005 rounded upwards),

(the **Interest Rate**).

Subject to Condition 4.1 (*Solvency Condition*), Condition 6 (*Interest Cancellation*) and Condition 7 (*Conversion*), interest will be payable on the Securities semi-annually in arrear on each Interest Payment Date.

Interest in respect of the Securities shall be calculated per EUR1,000 in principal amount outstanding of the Securities (the **Calculation Amount**).

- (b) In respect of each Interest Period, the amount of interest payable per Calculation Amount shall be equal to the product of the Calculation Amount and the Interest Rate and the Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In these Conditions, **Day Count Fraction** means, in respect of any relevant period, 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 product of (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year.

5.2 Interest Accrual

Without prejudice to Condition 4.1 (*Solvency Condition*), Condition 6 (*Interest Cancellation*) and Condition 7 (*Conversion*), interest shall cease to accrue on each Security from (and including) the date of redemption thereof pursuant to Condition 8 (*Redemption, Exchange, Variation and Purchase*) unless payment is improperly withheld or refused, in which event interest shall continue to accrue (in each case, both before and after judgment) as provided in these Conditions.

5.3 Determination of the reset Interest Rate

Subject as provided in Condition 5.1 (*Interest Rate*), the Interest Calculation Agent will, as soon as practicable after 11:00 a.m. (Amsterdam time) on the second Business Day prior to the start of each Interest Period after the First Call Date, determine the applicable Interest Rate in respect of such Interest Period and shall promptly notify the Issuer and the Fiscal Agent thereof.

5.4 Publication of the Interest Rate

Once the Issuer and the Fiscal Agent have been notified of an applicable reset Interest Rate by the Interest Calculation Agent in accordance with Condition 5.3 (*Determination of the reset Interest Rate*), the Issuer shall cause notice of such Interest Rate, and the amount of interest which will, subject to Condition 4.1 (*Solvency Condition*), Condition 6 (*Interest Cancellation*) and Condition 7 (*Conversion*), be payable per Calculation Amount on the Interest Payment Date in respect of which such Interest Rate applies, to be given to the holders of the Securities in accordance with Condition 13 (*Notices*) as soon as reasonably practicable after the determination of such Interest Rate in accordance with Condition 5.3 (*Determination of the reset Interest Rate*) and in any event no later than the commencement of the relevant Interest Period.

5.5 Interest Calculation Agent

With effect from the First Call Date, and for so long as any of the Securities remains outstanding, the Issuer shall appoint and maintain an Interest Calculation Agent. The Issuer may, from time to time replace the Interest Calculation Agent with another leading financial

institution in London or Amsterdam. If the Interest Calculation Agent is unable or unwilling to continue to act as the Interest Calculation Agent, the Issuer shall forthwith appoint another leading financial institution in London or Amsterdam to act as such in its place. The Interest Calculation Agent may not resign its duties or be removed without a successor having been appointed.

5.6 Determinations of Interest Calculation Agent binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Interest Calculation Agent, shall (in the absence of manifest error) be binding on the Issuer, the Interest Calculation Agent, the Paying Agents, the Conversion Calculation Agent and all holders of the Securities and (in the absence of wilful default and gross negligence) no liability to the holders of the Securities or the Issuer shall attach to the Interest Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6. INTEREST CANCELLATION

6.1 Optional Cancellation of Interest Payments

Interest on the Securities is due and payable on each Interest Payment Date subject to the provisions of Condition 4.1 (*Solvency Condition*), Condition 6.2 (*Mandatory Cancellation of Interest Payments*) and Condition 7.7 (*Accrued Interest on Conversion*). In addition, the Issuer may at its sole and absolute discretion at any time elect to cancel any Interest Payment (or any part thereof) which would otherwise be due and payable on any Interest Payment Date.

If the Issuer does not make an Interest Payment (or part thereof) on the relevant Interest Payment Date, such non-payment shall evidence the non-payment and cancellation of such Interest Payment (or relevant part thereof) by reason of it not being due in accordance with Condition 4.1 (*Solvency Condition*), the cancellation of such Interest Payment in accordance with Condition 6.2 (*Mandatory Cancellation of Interest Payments*) or Condition 7.7 (*Accrued Interest on Conversion*) or, as appropriate, the Issuer's exercise of its discretion otherwise to cancel such Interest Payment (or relevant part thereof) in accordance with this Condition 6.1, and accordingly such interest shall not in any such case be due and payable.

6.2 Mandatory Cancellation of Interest Payments

To the extent required by the Relevant Rules in order for the Securities to qualify as Tier 1 Own Funds from time to time and save as otherwise permitted pursuant to Condition 6.3 (*Waiver of Cancellation of Interest Payments by Relevant Supervisory Authority*), the Issuer shall cancel any Interest Payment on the Securities in accordance with this Condition 6 if:

- (a) the Solvency Condition is not met at the time for payment of such Interest Payment, or would cease to be met immediately following, and as a result of making, such Interest Payment; or
- (b) the Issuer has determined that there is non-compliance with the Solvency Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such Interest Payment; or

- (c) the Issuer has determined that there is non-compliance with the Minimum Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such Interest Payment; or
- (d) the amount of such Interest Payment, when aggregated together with any Additional Amounts payable with respect thereto, interest payments or distributions which have been made or which are scheduled to be paid or made on the same payment date on all Tier 1 Own Funds (excluding any such payments which do not reduce the Issuer's Distributable Items and any payments already accounted for in determining the Issuer's Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment:

each of the events or circumstances described in Conditions 6.2(a) to 6.2(d) (*Mandatory Cancellation of Interest Payments*) (inclusive) above being a **Mandatory Interest Cancellation Event**.

A certificate signed by two (2) Directors confirming that: (i) a Mandatory Interest Cancellation Event has occurred and is continuing, or would occur if payment of interest on the Securities were to be made; or (ii) a Mandatory Interest Cancellation Event has ceased and is no longer continuing and/or payment of interest on the Securities would not result in a Mandatory Interest Cancellation Event occurring, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Fiscal Agent, the holders of the Securities and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Fiscal Agent shall be entitled to rely on such certificate without liability to any person.

6.3 Waiver of Cancellation of Interest Payments by Relevant Supervisory Authority

Notwithstanding Condition 6.2 (*Mandatory Cancellation of Interest Payments*), the Issuer shall not be required to cancel an Interest Payment where a Mandatory Interest Cancellation Event has occurred and is continuing, or would occur if payment of interest on the Securities were to be made where:

- (a) the Mandatory Interest Cancellation Event is of the type described in Condition 6.2(b) (*Mandatory Cancellation of Interest Payments*) only; and
- (b) the Relevant Supervisory Authority has exceptionally waived the cancellation of the Interest Payment; and
- (c) the Relevant Supervisory Authority has confirmed to the Issuer that it is satisfied that payment of the Interest Payment would not further weaken the solvency position of the Issuer or the Group; and
- (d) the Minimum Capital Requirement will be complied with immediately following such Interest Payment, if made.

A certificate signed by two (2) Directors confirming that the conditions set out in this Condition 6.3 are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Fiscal Agent, the holders of the Securities and all other interested parties as correct and

sufficient evidence thereof, shall be binding on all such persons and the Fiscal Agent shall be entitled to rely on such certificate without liability to any person.

6.4 Effect of Cancellation of Interest Payments

Any Interest Payment (or relevant part thereof) which is cancelled in accordance with this Condition 6 or which is otherwise not due in accordance with Condition 4.1 (*Solvency Condition*) or Condition 7.7 (*Accrued Interest on Conversion*) shall not become due and shall not accumulate or be payable at any time thereafter, and holders of the Securities shall have no rights in respect thereof and any such cancellation or non-payment shall not constitute a default or event of default on the part of the Issuer for any purpose.

6.5 Notice of Cancellation of Interest Payments

If practicable, the Issuer shall provide notice of any cancellation of any Interest Payment pursuant to Condition 6.1 (*Optional Cancellation of Interest Payments*) or Condition 6.2 (*Mandatory Cancellation of Interest Payments*) to holders of the Securities in accordance with Condition 13 (*Notices*), and to the Fiscal Agent in a certificate signed by two (2) Directors, at least five (5) Business Days prior to the relevant Interest Payment Date. However, any failure to provide such notice will not invalidate the cancellation of the relevant Interest Payment.

7. CONVERSION

7.1 Securities not convertible at the option of holders of the Securities

The Securities are not convertible at the option of holders of the Securities at any time.

7.2 Conversion upon Conversion Trigger Event

- (a) If a Conversion Trigger Event occurs, to the extent required by the Relevant Rules in order for the Securities to qualify as Tier 1 Own Funds from time to time, the Issuer's obligations under each Security shall, subject to and as provided in this Condition 7 and without any further action required on the part of the Issuer, be irrevocably discharged and substituted for an undertaking on the part of the Issuer to issue and deliver Ordinary Shares, credited as fully paid, in the manner and in the circumstances described below to the Conversion Shares Depository, to be held for the holders of the Securities as provided below (on terms permitting a Conversion Shares Offer in accordance with Condition 7.5 (*Conversion Shares Offer*)).
- (b) On the Share Delivery Date the Issuer shall issue and deliver to the Conversion Shares Depository a number of Ordinary Shares in respect of each Security determined by dividing the full principal amount outstanding of such Security by the Conversion Price prevailing on the Share Delivery Date (subject to Condition 7.14 (*Fractions*)).
- (c) The **Conversion Price** per Ordinary Share in respect of the Securities is EUR23.10, subject to adjustment in the circumstances described in Condition 7.8 (*Adjustment of Conversion Price*).
- (d) Upon the issue and delivery of the Conversion Shares to the Conversion Shares Depository on the Share Delivery Date, the Issuer shall be deemed to have redeemed the Securities on the Conversion Date in an amount equal to their principal amount outstanding and the holders of the Securities shall be deemed irrevocably to have directed and authorised the Issuer to apply such

sum on their behalf in paying up the Conversion Shares issued and delivered to the Conversion Shares Depository on the Share Delivery Date.

- (e) Once a Security has been converted into Ordinary Shares, there is no provision for the reconversion of such Ordinary Shares back into Securities.
- (f) Immediately upon the issue and delivery by the Issuer of the Conversion Shares to the Conversion Shares Depository in accordance with these Conditions, the Issuer's obligations under the Securities shall irrevocably be discharged in full and no holder of a Security will have any rights against the Issuer with respect to such obligations. Provided that the Issuer so issues and delivers the Conversion Shares, from (and including) the Share Delivery Date holders of the Securities shall have recourse only to the Conversion Shares Depository for the delivery to them of such Conversion Shares or, subject to and as provided in Condition 7.5 (*Conversion Shares Offer*), the Conversion Shares Offer Consideration.
- (g) Subject to Condition 4.3 (*Winding-up on or after a Conversion Trigger Event*), if the Issuer fails to issue and deliver the Conversion Shares to the Conversion Shares Depository on the Share Delivery Date, a holder of a Security's only right under the Securities against the Issuer for any such failure will be to claim to have such Conversion Shares so issued and delivered.
- (h) The Ordinary Shares issued following a Conversion shall be fully paid and non-assessable and shall in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Conversion Shares so issued shall not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the entitlement to which falls prior to the Conversion Date.

7.3 Notification of the occurrence of a Conversion Trigger Event

- (a) Whether the Conversion Trigger Event has occurred at any time shall be determined by the Issuer, and such determination shall be binding on the Fiscal Agent and the holders of the Securities. Following the occurrence of a Conversion Trigger Event, the Issuer shall promptly notify the Relevant Supervisory Authority and shall deliver to the Fiscal Agent a certificate signed by two (2) Directors confirming that a Conversion Trigger Event has occurred. The certificate shall, in the absence of manifest error, be treated and accepted by the Issuer, the Fiscal Agent, the holders of the Securities and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Fiscal Agent shall be entitled to rely on such certificate without liability to any person.
- (b) Following the occurrence of a Conversion Trigger Event, but only after delivery to the Fiscal Agent of the certificate referred to in Condition 7.3(a) (*Notification of the occurrence of a Conversion Trigger Event*), the Issuer shall promptly (and, in any event, within such period as the Relevant Supervisory Authority may require) give notice thereof to the holders of the Securities (a **Conversion Trigger Notice**) in accordance with Condition 13 (*Notices*), and to the Fiscal Agent in writing, stating:
 - (i) details of the Conversion Trigger Event;
 - (ii) the date on which the Conversion Trigger Event occurred (the **Conversion Date**);

- (iii) the Conversion Price prevailing on the Conversion Date (which shall remain subject to any subsequent adjustment pursuant to Condition 7.8 (*Adjustment of Conversion Price*) up to the Share Delivery Date);
 - (iv) the Share Delivery Date;
 - (v) the Notice Cut-off Date and the Final Cancellation Date;
 - (vi) details of the Conversion Shares Depositary;
 - (vii) that the Issuer has the option, at its sole and absolute discretion, to elect that a Conversion Shares Offer be conducted and that the Issuer will issue a Conversion Shares Offer Notice in accordance with Condition 13 (*Notices*) within ten (10) Business Days following the Conversion Date notifying holders of the Securities of its decision as to such election; and
 - (viii) that the Securities shall remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the sole purpose of evidencing the relevant holder of a Security's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary, and that (subject to Condition 2.4(b) (*Closed periods*)) the Securities may continue to be transferable until the applicable Settlement Date (or, if earlier, the Final Cancellation Date).
- (c) Failure by the Issuer to deliver a certificate to the Fiscal Agent or to give notice to holders of the Securities of the occurrence of a Conversion Trigger Event pursuant to this Condition 7.3 shall in no way invalidate or otherwise affect the automatic Conversion of the Securities pursuant to Condition 7.2 (*Conversion upon Conversion Trigger Event*).

7.4 Conversion Shares Depositary

- (a) The Issuer shall use all reasonable endeavours to appoint a Conversion Shares Depositary as soon as reasonably practicable following the occurrence of a Conversion Trigger Event.
- (b) If the Issuer is unable to appoint a Conversion Shares Depositary, it shall make such other arrangements for the issuance and delivery of the Conversion Shares as it shall consider reasonable in the circumstances, which may include issuing and delivering the Conversion Shares to another independent nominee (on terms permitting a Conversion Shares Offer in accordance with Condition 7.5 (*Conversion Shares Offer*)) for the holders of the Securities or to the holders of the Securities directly. The issuance and delivery of the Conversion Shares pursuant to such other arrangements shall irrevocably discharge and satisfy all of the Issuer's obligations under the Securities as though the relevant Conversion Shares had been issued and delivered to the Conversion Shares Depositary and, in which case, where the context so admits, references in these Conditions to the issue and delivery of Conversion Shares to the Conversion Shares Depositary shall be construed as though they were references to such other arrangements and apply *mutatis mutandis*.
- (c) The Conversion Shares shall (except where the Issuer has been unable to appoint a Conversion Shares Depositary as contemplated in Condition 7.4(b) (*Conversion Shares Depositary*)) initially be registered in the name of the Conversion Shares Depositary, which (subject to the provisions of Condition 7.4(b) (*Conversion Shares Depositary*)) shall hold such Conversion Shares for the holders of the Securities. By virtue of its holding of any Security, each holder of a

Security shall be deemed to have irrevocably directed the Issuer to issue and deliver such Conversion Shares to the Conversion Shares Depository.

- (d) For so long as the Conversion Shares are held by the Conversion Shares Depository, the holders of the Securities shall be entitled to direct the Conversion Shares Depository to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends) except that holders of the Securities shall not be able to sell or otherwise transfer such Conversion Shares unless and until such time as they have been delivered to holders of the Securities in accordance with Condition 7.6 (*Settlement Procedure*).
- (e) Following the issuance and delivery of the Conversion Shares to the Conversion Shares Depository on the Share Delivery Date, the Securities shall remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the purpose only of evidencing the holders of the Securities' right as aforesaid to receive the Conversion Shares or the Conversion Shares Offer Consideration, as the case may be, to be delivered by the Conversion Shares Depository.

7.5 Conversion Shares Offer

- (a) Not later than the tenth (10th) Business Day following the Conversion Date, the Issuer may, in its sole and absolute discretion, make an election that the Conversion Shares Depository (or any agent(s) on its behalf) will make an offer, in the Issuer's sole and absolute discretion, of all or some of the Conversion Shares to be delivered on Conversion to, in the Issuer's sole and absolute discretion, all or some of the Issuer's Shareholders at such time or to any other third party, such offer to be at a price not lower than the Conversion Shares Offer Price (the **Conversion Shares Offer**) and gives notice of such election (a **Conversion Shares Offer Notice**) to the holders of the Securities in accordance with Condition 13 (*Notices*) and to the Fiscal Agent in writing, stating whether or not it has elected that a Conversion Shares Offer be conducted.
- (b) The Issuer may, on behalf of the Conversion Shares Depository, appoint one or more Conversion Shares Offer Agents to act as a placement or other agent to facilitate the Conversion Shares Offer. The Issuer may not purchase any Conversion Shares for its own account pursuant to a Conversion Shares Offer.
- (c) A Conversion Shares Offer Notice shall specify the period of time for which the Conversion Shares Offer will be open (the **Conversion Shares Offer Period**). The Conversion Shares Offer Period shall end no later than forty (40) Business Days after the giving of the Conversion Shares Offer Notice by the Issuer.
- (d) Upon expiry of the Conversion Shares Offer Period, the Conversion Shares Depository will provide notice to the holders of the Securities in accordance with Condition 13 (*Notices*) and to the Fiscal Agent in writing, of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of the Conversion Shares Offer Consideration (as set out in the definition of Conversion Shares Offer Consideration)) per Calculation Amount. The Conversion Shares Offer Consideration shall be held by the Conversion Shares Depository for the holders of the Securities. In accordance with Condition 7.6(g) (*Settlement Procedure*), the cash component of any Conversion Shares Offer Consideration shall be payable by the Conversion Shares Depository to the holders of the Securities in euro irrespective of whether or not the Solvency Condition is satisfied. If any

- Conversion Shares are sold in the Conversion Shares Offer, the cash component of the Conversion Shares Offer Consideration shall never exceed the product of (a) the principal amount of such Security and (b) the proportion (expressed as a percentage) of the Conversion Shares sold in the Conversion Shares Offer, any excess of such cash component being forfeited and transferred to the Issuer. Furthermore, the Conversion Shares Offer Price may be lower than the Conversion Price.
- (e) The Issuer reserves the right, in its sole and absolute discretion, to elect that the Conversion Shares Depositary terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period. If the Issuer makes such election, it will provide at least three (3) Business Days' notice to the holders of the Securities in accordance with Condition 13 (*Notices*), and to the Fiscal Agent in writing, and the Conversion Shares Depositary may then, in its sole and absolute discretion, take steps to deliver to holders of the Securities the Conversion Shares at a time that is earlier than the time at which they would have otherwise received the Conversion Shares Offer Consideration had the Conversion Shares Offer been completed.
 - (f) By virtue of its holding of any Security, each holder of a Security acknowledges and agrees that if the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depositary, such holder of a Security shall be deemed to have: (i) irrevocably consented to any Conversion Shares Offer and, notwithstanding that such Conversion Shares are held by the Conversion Shares Depositary for the holders of the Securities, to the Conversion Shares Depositary using the Conversion Shares to settle any Conversion Shares Offer; (ii) irrevocably consented to the transfer of the interest such holder of a Security has in the Conversion Shares to one or more purchasers identified by the Conversion Shares Depositary in connection with the Conversion Shares Offer; (iii) irrevocably agreed that the Issuer and the Conversion Shares Depositary may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with the terms of the Securities; and (iv) irrevocably agreed that neither the Issuer nor the Conversion Shares Depositary shall, to the extent permitted by applicable law, incur any liability to the holders of the Securities in respect of the Conversion Shares Offer (except for the obligations of the Conversion Shares Depositary in respect of the holders of the Securities' entitlement to, and the subsequent delivery of, any Conversion Shares Offer Consideration).
 - (g) Any Conversion Shares Offer shall be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at all, only to the extent that the Issuer, in its sole and absolute discretion, determines that the Conversion Shares Offer is practicable. The purchasers of the Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes and foreign exchange transaction costs referred to in Condition 7.15 (*Taxes and Duties*) and in the definition of Conversion Shares Offer Consideration), including the fees of the Conversion Shares Offer Agent, if any. Neither the occurrence of a Conversion Trigger Event nor, following the occurrence of a Conversion Trigger Event, the election (if any) by the Issuer to undertake a Conversion Shares Offer on the terms set out herein, shall preclude the Issuer from undertaking a rights issue at any time on such terms as the Issuer deems appropriate, at its sole discretion, including, for the avoidance of doubt, the offer of Ordinary Shares at or below the Conversion Price.
 - (h) The Fiscal Agent shall not be responsible for monitoring any Conversion Shares Offer, nor for monitoring or enforcing the obligations of the Conversion Shares Depositary in respect thereof. Following Conversion and delivery of the Conversion Shares to the Conversion Shares

Depository, holders of the Securities must look to the Conversion Shares Depository for any Conversion Shares or Conversion Shares Offer Consideration due to them at the relevant time.

7.6 Settlement Procedure

- (a) To obtain delivery from the Conversion Shares Depository of Conversion Shares or, as applicable, the relevant Conversion Shares Offer Consideration, holders of the Securities will be required to deliver a Conversion Shares Settlement Notice and the relevant Certificate representing the relevant Security to the Conversion Shares Depository (or an agent designated for the purpose in the Conversion Trigger Notice) on or before the Notice Cut-off Date.
- (b) If such Conversion Shares Settlement Notice or Certificate is delivered after the end of normal business hours at the specified office of the Conversion Shares Depository, such delivery shall be deemed for all purposes to have been made or given on the following Business Day.
- (c) It is expected that the Conversion Shares shall be delivered to holders of the Securities in uncertificated form through *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*, known as Euroclear Netherlands, unless the Conversion Shares are not a participating security in Euroclear Netherlands at the relevant time, in which case the Conversion Shares shall either be delivered through the relevant clearing system in which the Conversion Shares are a participating security or in certificated form. It is expected that where the Conversion Shares are to be delivered to holders of the Securities by the Conversion Shares Depository through Euroclear Netherlands or such other clearing system in which such Conversion Shares are a participating security, they shall be delivered on the relevant Settlement Date to the account specified by the relevant holder of a Security in its Conversion Shares Settlement Notice, as described above. It is expected that where the Conversion Shares are to be delivered in certificated form, certificates shall be delivered by mail free of charge to each holder of a Security or as it may direct in its Conversion Shares Settlement Notice (in each case uninsured and at the risk of the relevant recipient) within 28 days following delivery of its Conversion Shares Settlement Notice), as described below.
- (d) If a holder of a Security fails to deliver a Conversion Shares Settlement Notice or Certificate on or before the Notice Cut-off Date, or the relevant Conversion Shares Settlement Notice is otherwise determined by the Conversion Shares Depository to be null and void, then the Conversion Shares Depository shall continue to hold the relevant Conversion Shares or the relevant Conversion Shares Offer Consideration, as the case may be, for that holder of a Security until a valid Conversion Shares Settlement Notice (and the Certificate representing the relevant Securities) is so delivered. If any such Conversion Shares or the relevant Conversion Shares Offer Consideration (as applicable) have not been claimed for 12 years after the Final Cancellation Date as aforesaid, the Issuer may, at any time after such time and in its sole and absolute discretion, instruct the Conversion Shares Depository (or an agent on its behalf) to sell for cash all or some of any such Conversion Shares or any Conversion Share component of any Conversion Shares Offer Consideration (as applicable) and any such cash proceeds from such sale(s) and any such cash component of any Conversion Shares Offer Consideration will, in each case, be forfeited and will be transferred to the Issuer unless the Issuer decides, in its sole and absolute discretion, otherwise and the Issuer will not be a trustee of any such cash and the Issuer shall have no liability to any holder of a Security for any loss resulting from such holder of a Security not receiving any Conversion Shares, the relevant Conversion Shares Offer Consideration or the cash proceeds from any such sale(s) as aforesaid (as applicable).

- (e) Any determination as to whether any Conversion Shares Settlement Notice has been properly completed and delivered together with the relevant Certificate(s) as provided in these Conditions, or whether any evidence of entitlement to Conversion Shares or Conversion Shares Offer Consideration, as applicable, is satisfactory, shall be made by the Conversion Shares Depository in its sole and absolute discretion and shall be conclusive and binding on the relevant holders of the Securities.
- (f) Subject as otherwise provided herein, the relevant Conversion Shares (or the Conversion Share component of any Conversion Shares Offer Consideration) will be delivered on the applicable Settlement Date by or on behalf of the Conversion Shares Depository in accordance with the instructions given in the relevant Conversion Shares Settlement Notice.
- (g) Any cash component of any Conversion Shares Offer Consideration shall be paid by the Conversion Shares Depository on the applicable Settlement Date by transfer to a euro account with a bank in Europe (as may be specified in the relevant Conversion Shares Settlement Notice) in accordance with the instructions contained in the relevant Conversion Shares Settlement Notice.
- (h) If not previously cancelled on the applicable Settlement Date, the Securities shall be cancelled in full on the Final Cancellation Date and any holder of a Security delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares or the relevant Conversion Shares Offer Consideration, as applicable, satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order to receive delivery of such Conversion Shares or such Conversion Shares Offer Consideration, as applicable. Neither the Issuer nor the Fiscal Agent shall have any liability to any holder of a Security for any loss resulting from such holder of a Security not receiving any Conversion Shares or the relevant Conversion Shares Offer Consideration, as applicable, or from any delay in the receipt thereof, in each case as a result of such holder of a Security failing to submit a valid Conversion Shares Settlement Notice and the relevant Certificate, on a timely basis or at all.

7.7 Accrued Interest on Conversion

Any interest in respect of an Interest Payment Date which falls on or after the date of a Conversion Trigger Event having occurred as determined in accordance with Condition 7.3(a) shall, in accordance with Condition 6 (*Interest Cancellation*) and without any action required on the part of the Issuer or any other person, be immediately and automatically cancelled in full upon the occurrence of such Conversion Trigger Event and shall not be or become due and payable.

7.8 Adjustment of Conversion Price

Upon the happening of any of the events described below, the Conversion Price shall be adjusted by the Conversion Calculation Agent as follows:

- (a) If and whenever there shall be a consolidation, reclassification/redesignation or subdivision affecting the number of Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification/redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification/redesignation or subdivision, as the case may be; and
- B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification/redesignation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification / redesignation or subdivision, as the case may be, takes effect.

- (b) If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than where any such issue of Ordinary Shares is deemed to constitute a Cash Dividend pursuant to paragraph (a) of the definition of “Dividend”, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such issue; and
- B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date (for the purpose of this Condition 7.8(b), the **Effective Date**) which is the day of issue of such Ordinary Shares.

- (c) (i) If and whenever the Issuer shall pay any Extraordinary Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the Ex-Date; and

B is the portion of the Fair Market Value of the aggregate Extraordinary Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend.

Such adjustment shall become effective on the date (for the purpose of this Condition 7.8(c)(i), the **Effective Date**) which is the later of the Ex-Date and the first date upon which the Fair Market Value of the relevant Extraordinary Dividend can be determined.

Ex Date means, for purposes of this Condition 7.8(c)(i), the first date on which the Ordinary Shares are traded ex-the relevant Cash Dividend on the Relevant Stock Exchange.

(ii) If and whenever the Issuer shall pay or make any Non-Cash Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Ex-Date; and

B is the portion of the Fair Market Value of the aggregate Non-Cash Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Non-Cash Dividend by the number of Ordinary Shares entitled to receive the relevant Non-Cash Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any member of the Group, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares, or any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the date (for the purpose of this Condition 7.8(c)(ii), the **Effective Date**) which is the later of the Ex-Date and the first date upon which the Fair Market Value of the relevant Non-Cash Dividend can be determined as provided herein.

Ex Date means, for purposes of this Condition 7.8(c)(ii), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy

back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any member of the Group, the date on which such purchase, redemption or buy back is made (or, in any such case if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein) or in the case of a Spin-Off, the first date on which the Ordinary Shares are traded ex-the relevant Spin-Off on the Relevant Stock Exchange.

- (iii) For the purposes of this Condition 7.8(c)(i) and the definition of “Extraordinary Dividend”, the Fair Market Value of any Cash Dividend or Non-Cash Dividend shall (subject as provided in paragraph (i) of the definition of **Dividend** and in the definition of **Fair Market Value**) be determined as at the Ex Date of such Cash Dividend, or, as the case may be, Non-Cash Dividend.
 - (iv) In making any calculations for the purposes of this Condition 7.8(c)(i), such adjustments (if any) shall be made as an Independent Adviser may determine in good faith to be appropriate to reflect (i) any consolidation or sub-division of any Ordinary Shares or (ii) the issue of Ordinary Shares by way of capitalisation of profits or reserves (or any like or similar event) or (iii) any increase in the number of Ordinary Shares in issue in the Relevant Year in question.
- (d) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or the Issuer or any member of the Group or (at the direction or request or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares, or any securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to acquire, any Ordinary Shares (or shall grant any such rights in respect of existing securities so issued), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue on the Effective Date;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the securities issued by way of rights, or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase or other rights of acquisition in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate,

provided that if on the Effective Date such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 7.8(d), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

Effective Date means, for purposes of this Condition 7.8(d), the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

- (e) If and whenever the Issuer or any member of the Group or (at the direction or request or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares or securities which by their terms carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or rights to otherwise acquire, Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase or otherwise acquire any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire Ordinary Shares or securities which by their term carry (directly or indirectly) rights of conversion into, or exchange or subscription for, rights to otherwise acquire, Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

Effective Date means, for purposes of this Condition 7.8(e), the first date on which the Ordinary Shares are traded ex-the relevant securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

- (f) If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 7.8(d) (*Adjustment of Conversion Price*)) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Securities or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, or right to otherwise acquire Ordinary Shares) or if and whenever the Issuer or any member of the Group or (at the direction or request or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity shall issue or grant (otherwise than as mentioned in Condition 7.8(d) (*Adjustment of Conversion Price*)) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares (other than the Securities), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights,

provided that if on the Effective Date such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 7.8(f), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

Effective Date means, for purposes of this Condition 7.8(f), the date of issue of such Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

- (g) If and whenever the Issuer or any member of the Group or (at the direction or request of or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity (otherwise than as mentioned in Condition 7.8(d), 7.8(e) or 7.8(f) (*Adjustment of Conversion Price*)) shall issue wholly for cash or for no consideration any securities (other than the Securities) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, purchase of, or rights to otherwise acquire, Ordinary Shares (or shall grant any such rights in respect of existing securities so issued) or securities which by their terms might be reclassified/redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription, purchase, acquisition or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of issue of such securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant securities carry rights of conversion into or rights of exchange or subscription for, purchase of, or rights to otherwise acquire Ordinary Shares which have been issued, purchased or acquired by the Issuer or any member of the Group (or at the direction or request or pursuant to any arrangements with the Issuer or any member of the Group) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to such securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such reclassification/redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange, subscription, purchase or acquisition price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such reclassification/redesignation;

provided that if on the Effective Date such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the

occurrence of any event at some subsequent time (which may be when such securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or, as the case may be, such securities are reclassified/redesignated or at such other time as may be provided), then for the purposes of this Condition 7.8(g), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, reclassification/redesignation had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

Effective Date means, for purposes of this Condition 7.8(g), the date of issue of such securities or, as the case may be, the grant of such rights.

- (h) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any securities (other than the Securities) as are mentioned in Condition 7.8(g) (*Adjustment of Conversion Price*) (other than in accordance with the terms (including terms as to adjustment) applicable to such securities upon issue) so that following such modification the consideration per Ordinary Share has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Ordinary Shares which have been issued, purchased or acquired by the Issuer or any member of the Group (or at the direction or request or pursuant to any arrangements with the Issuer or any member of the Group) for the purposes of or in connection with such securities, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such securities or upon the exercise of such rights of subscription, purchase or acquisition attached

thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Adviser in good faith shall consider appropriate for any previous adjustment under this Condition 7.8(h) or Condition 7.8(g) (*Adjustment of Conversion Price*);

provided that if on the Effective Date such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided) then for the purposes of this Condition 7.8(h), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

Effective Date means, for purposes of this Condition 7.8(h), the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities.

- (i) If and whenever the Issuer or any member of the Group or (at the direction or request of or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity shall offer any securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price is required to be adjusted under Condition 7.8(b), 7.8(c)(i), 7.8(d), 7.8(e) or 7.8(f) (*Adjustment of Conversion Price*) (or would be required to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant dealing day under Condition 7.8(e) (*Adjustment of Conversion Price*))) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

Effective Date means, for purposes of this Condition 7.8(i), the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

- (j) If the Issuer determines that a reduction to the Conversion Price should be made for whatever reason, the Conversion Price will be reduced (either generally or for a specified period as notified to holders of the Securities) in such manner and with effect from such date as the Issuer shall determine and notify to the holders of the Securities.

Notwithstanding the foregoing provisions:

- A where the events or circumstances giving rise to any adjustment pursuant to Condition 7.8(a) to and including this Condition 7.8(j) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to give the intended result; and
- B such modification shall be made to the operation of these Conditions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once, (ii) to ensure that the economic effect of a Dividend is not taken into account more than once and (iii) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency;
- C for the avoidance of doubt, the issue of Ordinary Shares following a Conversion shall not result in an adjustment to the Conversion Price;
- D no adjustment will be made to the Conversion Price where Ordinary Shares or any other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme.

7.9 Determination of Consideration Receivable

For the purpose of any calculation of the consideration receivable or price pursuant to Conditions 7.8(d) and 7.8(f) to and including 7.8(h) (*Adjustment of Conversion Price*), the following provisions shall apply:

- (a) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;

- (b) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Relevant Securities shall be deemed to be the consideration or price received or receivable for any such Relevant Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Relevant Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Relevant Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as described in Condition 7.8(d), 7.8(f), 7.8(g) or 7.8(h) (*Adjustment of Conversion Price*) as at (A) in the case of Condition 7.8(d), the Effective Date or (B) in the case of Condition, 7.8(f), 7.8(g) or 7.8(h), the first date of public announcement referred to in these Conditions, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Relevant Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Relevant Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (c) if the consideration or price determined pursuant to Condition 7.9(a) or 7.9(b) (*Determination of Consideration Receivable*) (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of Condition 7.9(a) (*Determination of Consideration Receivable*) or for the purpose of Condition 7.8(d)) or the relevant date of first public announcement (for the purpose of Conditions 7.8(f), 7.8(g) or 7.8(h));
- (d) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Relevant Securities or options, warrants or rights, or otherwise in connection therewith; and
- (e) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

7.10 Decision of the Conversion Calculation Agent or an Independent Adviser

Adjustments to the Conversion Price shall be calculated by the Conversion Calculation Agent upon request from the Issuer and/or, to the extent so specified in the Conditions, in good faith by an Independent Adviser. Adjustments to the Conversion Price calculated by the Conversion

Calculation Agent or, where applicable, an Independent Adviser and any other determinations made by the Conversion Calculation Agent or, where applicable, an Independent Adviser, or an opinion of an Independent Adviser, pursuant to these Conditions shall in each case be made in good faith and shall be final and binding (in the absence of manifest error) on the Issuer, the holders of the Securities, the Interest Calculation Agent, the Paying Agents and (in the case of a determination by an Independent Adviser) the Conversion Calculation Agent. Subject to the provisions of the Conversion Calculation Agency Agreement, the Conversion Calculation Agent may consult on any matter (including, but not limited to, any legal matter), any legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Issuer, the holders of the Securities, the Interest Calculation Agent or the Paying Agents in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion.

The Conversion Calculation Agent shall act solely upon the request from, and exclusively as agent of, the Issuer. Neither the Conversion Calculation Agent (acting in such capacity) nor any Independent Adviser appointed in connection with the Securities (acting in such capacity) will thereby assume any obligations towards or relationship of agency or trust with, and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith, in accordance with the Conditions as against the holders of the Securities, the Interest Calculation Agent or the Paying Agents.

So long as any Securities remain outstanding, the Issuer will maintain a Conversion Calculation Agent, which may be the Issuer or another person appointed by the Issuer to serve in such capacity.

The Issuer may at any time, without prior notice to or consent from the Interest Calculation Agent, the Paying Agents or the holders of the Securities, replace the Conversion Calculation Agent with itself or an independent financial institution or an independent financial adviser with appropriate expertise.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, the Issuer may at its discretion appoint an Independent Adviser and, following consultation between the Issuer and such Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer and the holders of the Securities, save in the case of manifest error.

7.11 Share Option Schemes

No adjustment will be made to the Conversion Price where Ordinary Shares or other Relevant Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme.

7.12 Rounding Down and Notice of Adjustment to the Conversion Price

On any adjustment of the Conversion Price pursuant to these Conditions, if the resultant Conversion Price is not an integral multiple of EUR0.0001, it shall be rounded down to the nearest integral multiple of EUR0.0001. No adjustment shall be made to the Conversion Price

where such adjustment (rounded down if applicable) would be less than one (1) per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to holders of the Securities promptly after the determination thereof in accordance with Condition 13 (*Notices*), and to the Fiscal Agent in writing.

The Conversion Price shall not in any event be reduced to below the euro equivalent of the nominal value of an Ordinary Share for the time being (as calculated by the Issuer on the date such adjustment becomes effective). The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value.

7.13 Change in Terms on Change of Control

- (a) If a Qualifying Change of Control occurs, the Securities shall, where the Share Delivery Date (if any) falls on or after the New Conversion Condition Effective Date, be converted on such Share Delivery Date into Relevant Shares of the Approved Entity (save as provided below in this Condition 7.13). The Conversion Price shall be the New Conversion Price, and the provisions of this Condition 7 shall apply *mutatis mutandis* to such conversion as though references herein to the Ordinary Shares comprising the Conversion Shares were instead to the Relevant Shares of the Approved Entity. Such conversion shall be effected by the delivery by the Issuer of such number of Ordinary Shares as is determined in accordance with Condition 7.2(b) (*Conversion upon Conversion Trigger Event*) to, or to the order of, the Approved Entity. Such delivery shall irrevocably discharge and satisfy all of the Issuer's obligations under the Securities (but shall be without prejudice to the rights of the holders of the Securities against the Approved Entity in connection with its undertaking to deliver Relevant Shares as provided in the definition of "New Conversion Condition" in Condition 7.13(f) (*Change in Terms on Change of Control*)). Such delivery shall be in consideration of the Approved Entity irrevocably undertaking, for the benefit of the holders of the Securities, to deliver the Relevant Shares to the Conversion Shares Depository as aforesaid. For the avoidance of doubt, in the case of a Qualifying Change of Control (only), the Issuer may subsequently elect that a Conversion Shares Offer be made by the Conversion Shares Depository in respect of the Relevant Shares.
- (b) The New Conversion Price shall be subject to adjustment in the circumstances provided in this Condition 7 (with such modifications and amendments as an Independent Adviser acting in good faith shall determine to be appropriate and as approved by the Relevant Supervisory Authority) and the Issuer shall give notice to holders of the Securities of the New Conversion Price and of any such modifications and amendments in accordance with Condition 13 (*Notices*), and to the Fiscal Agent in writing.
- (c) In the case of a Qualifying Change of Control:
 - (i) the Issuer shall, on or prior to the New Conversion Condition Effective Date, enter into such agreements and arrangements, and such amendments and modifications to the Agency Agreement as may be necessary shall be made to ensure that, with effect from

the New Conversion Condition Effective Date, the Securities shall (following the occurrence of a Conversion Trigger Event) be convertible into, or exchangeable for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 7 (as may be so supplemented, amended or modified) at the New Conversion Price; and

- (ii) the Issuer shall, where the Share Delivery Date falls on or after the New Conversion Condition Effective Date, procure the issue and/or delivery of the relevant number of Relevant Shares in the manner provided in this Condition 7, as may be supplemented, amended or modified as provided above.

The Fiscal Agent shall be obliged (at the expense of the Issuer) to concur with the Issuer in making any such amendments and modifications to the Agency Agreement, provided that the Fiscal Agent shall not be bound to do so if any such amendments, or modifications would, in the opinion of the Fiscal Agent, have the effect of: (i) exposing the Fiscal Agent to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction; (ii) changing, increasing or adding to the obligations or duties of the Fiscal Agent; or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Fiscal Agent under the Agency Agreement, the Conditions and/or the Securities.

- (d) If a Non-Qualifying Change of Control occurs then, with effect from the occurrence of such Non-Qualifying Change of Control and unless the Share Delivery Date shall have occurred prior to such date, the Securities shall not be subject to Conversion at any time, notwithstanding that a Conversion Trigger Event may occur subsequently. Instead, upon the occurrence of a Conversion Trigger Event subsequent to a Non-Qualifying Change of Control the full principal amount outstanding of each Security will automatically be written down to zero, each Security will be cancelled, the holders of the Securities will be automatically deemed to have irrevocably waived their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Securities written down pursuant to this Condition and all accrued but unpaid interest and any other amounts payable on each Security will be cancelled, irrespective of whether such amounts have become due and payable prior to the occurrence of a Conversion Trigger Event. For the avoidance of doubt, once the full principal amount outstanding of each Security has been written down, it will not be restored under any circumstances, including where the relevant Conversion Trigger Event has ceased to continue. For the avoidance of doubt, nothing in this Condition 7.13(d) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Fiscal Agent or the rights and remedies of the Fiscal Agent in respect thereof, and the Fiscal Agent shall not be liable to any person for acting in accordance with Condition 7.13(d).
- (e) Within ten (10) days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the holders of the Securities (a **Change of Control Notice**) in accordance with Condition 13 (*Notices*).

The Change of Control Notice shall specify:

- (i) the identity of the Acquiror;
- (ii) whether the Change of Control is a Qualifying Change of Control or a Non-Qualifying Change of Control;
- (iii) in the case of a Qualifying Change of Control, the New Conversion Price; and

- (iv) in the case of a Non-Qualifying Change of Control, that, with effect from the occurrence of the Change of Control and unless a Conversion Trigger Event has occurred prior to the date of such Change of Control, outstanding Securities shall not be subject to Conversion at any time notwithstanding that a Conversion Trigger Event may occur subsequently. Instead, upon the occurrence of a subsequent Conversion Trigger Event (if any) the full principal amount of each Security will automatically and permanently be written down to zero, each Security will be cancelled, the holders of the Securities will be automatically deemed to have irrevocably waived their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Securities written down pursuant to this Condition 7.13 and all accrued but unpaid interest and any other amounts payable on each Security will be cancelled, irrespective of whether such amounts have become due and payable prior to the occurrence of Conversion Trigger Event.
- (f) As used in this Condition 7.13:

Acquiror means the person which, following a Change of Control, controls the Issuer.

Approved Entity means a body corporate which, on the occurrence of the Change of Control, has in issue Relevant Shares.

a **Change of Control** shall occur if any person or persons acting in concert acquires control of the Issuer, where **control** means: (a) the acquisition or holding of legal or beneficial ownership of more than 50 per cent. of the issued Ordinary Shares of the Issuer; or (b) the right to appoint and/or remove all or the majority of the members of the Executive Board of the Issuer, whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise. For the avoidance of doubt no Change of Control can occur in respect of Stichting Continuïteit ASR Nederland if it acquires preference shares in the capital of the Company pursuant to its call option right (the terms and conditions of which are set out in the agreement dated 26 May 2016 (as amended)).

Change of Control Notice shall have the meaning given to such term in Condition 7.13(e) (*Change in Terms on Change of Control*) above.

EEA Regulated Market means a market as defined by Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

The **New Conversion Condition** shall be satisfied if by not later than seven (7) days following the occurrence of a Change of Control where the Acquiror is an Approved Entity, the Issuer shall have entered into arrangements to its satisfaction with the Approved Entity pursuant to which the Approved Entity irrevocably undertakes, for the benefit of the holders of the Securities, to deliver the Relevant Shares to the Conversion Shares Depository upon a Conversion of the Securities, all as contemplated Condition 7.13(a) (*Change in Terms on Change of Control*).

New Conversion Condition Effective Date means the date with effect from which the New Conversion Condition shall have been satisfied.

New Conversion Price means the amount (rounded if necessary to the nearest whole multiple of EUR0.0001, and any adjustment to the New Conversion Price pursuant to Condition 7.8 shall

be made on the basis of the New Conversion Price so rounded) determined by the Conversion Calculation Agent in accordance with the following formula:

$$\text{NCP} = \text{ECP} \times \frac{\text{VWAPRS}}{\text{VMAPOS}}$$

where:

NCP is the New Conversion Price.

ECP is the Conversion Price in effect (provided that where any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, was/were carried forward (all as provided for in Condition 7.12), “ECP” shall be such Conversion Price had such adjustment not required to be made been made at the relevant time and/or, as the case may be, had the relevant rounding down not been made) on the Dealing Day immediately prior to the New Conversion Condition Effective Date.

VWAPRS means the average of the Volume Weighted Average Price of the Relevant Shares (translated, if necessary, into euro at the Prevailing Rate on the relevant Dealing Day) on each of the 10 Dealing Days ending on the Dealing Day prior to the date the Change of Control shall have occurred (and where references in the definition of “Volume Weighted Average Price” to “Ordinary Shares” shall be construed as a reference to the Relevant Shares and in the definition of “Dealing Day”, references to the “Relevant Stock Exchange” shall be to the primary Regulated Market on which the Relevant Shares are then listed, admitted to trading or accepted for dealing).

VWAPOS is the average of the Volume Weighted Average Price of the Ordinary Shares (translated, if necessary, into euro at the Prevailing Rate on the relevant Dealing Day) on each of the 10 Dealing Days ending on the Dealing Day prior to the date the Change of Control shall have occurred.

Non-Qualifying Change of Control means a Change of Control that is not a Qualifying Change of Control.

Qualifying Change of Control means a Change of Control where:

- (i) the Acquiror is an Approved Entity; and
- (ii) the New Conversion Condition is satisfied.

Regulated Market means an EEA Regulated Market or another regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

Relevant Shares means ordinary share capital of the Approved Entity that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) which is listed and admitted to trading on a Regulated Market.

7.14 Fractions

Fractions of Ordinary Shares will not be delivered to the Conversion Shares Depositary on the Share Delivery Date nor to holders of the Securities on the applicable Settlement Date and no cash payment will be made in lieu thereof. However, if one or more Conversion Shares

Settlement Notices and relevant Certificates are delivered to the Conversion Shares Depository such that any Ordinary Shares (or any Ordinary Share component of any Conversion Shares Offer Consideration, as applicable) to be issued and delivered to a holder of a Security on Conversion are to be registered in the same name, the number of Ordinary Shares to be issued and delivered in respect thereof shall be calculated by the Conversion Calculation Agent on the basis of the aggregate principal amount of such Securities to be converted.

7.15 Taxes and Duties

Neither the Issuer nor any member of the Group shall be liable for any taxes or capital, stamp, issue and registration or transfer taxes or duties arising on Conversion or that may arise or be paid as a consequence of the issue and delivery of Ordinary Shares on Conversion. A holder of a Security must pay any taxes and capital, stamp, issue and registration and transfer taxes or duties arising on Conversion in connection with the issue and delivery of the Conversion Shares whether to the Conversion Shares Depository on behalf of such holder of a Security or otherwise to or for the benefit of such holder of a Security in accordance with Condition 7.4(b) (*Conversion Shares Depository*) and such holder of a Security must pay all, if any, taxes or duties arising by reference to any disposal or deemed disposal of such holder of a Security's Securities or interest therein. Any taxes and capital, stamp, issue and registration and transfer taxes or duties arising on delivery or transfer of Conversion Shares to a purchaser in any Conversion Shares Offer shall be payable by the relevant purchaser of those Ordinary Shares.

7.16 Purchase or Redemption of Ordinary Shares

The Issuer or any Subsidiary of the Issuer may, subject to Condition 7.5(b) (*Conversion Shares Offer*) and Condition 8.14 (*Purchases*) exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of the Issuer (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of holders of the Securities.

7.17 Covenants

Whilst any Security remains outstanding, the Issuer shall (if and to the extent permitted by the Relevant Rules from time to time), save with the approval of an Extraordinary Resolution:

- (a) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the Share Delivery Date, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (b) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associates of the offeror) to acquire all or a majority of the issued Ordinary Shares, or if a scheme is proposed with regard to such acquisition, give notice of such offer or scheme to the holders of the Securities at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying Agents;
- (c) use commercially reasonable endeavours to ensure that the Ordinary Shares delivered on the Share Delivery Date shall be admitted to listing and trading on the Relevant Stock Exchange;

- (d) notwithstanding the provisions of Condition 7.5 (*Conversion Shares Offer*), at all times maintain all corporate authorisations necessary to issue or allot, free from pre-emptive or other preferential rights, sufficient Ordinary Shares to enable issue of Conversion Shares and delivery of the Conversion Shares on the Share Delivery Date;
- (e) use commercially reasonable endeavours to appoint a Conversion Shares Depositary as soon as practicable following the occurrence of the Conversion Trigger Event; and
- (f) where these Conditions require or provide for a determination by an Independent Adviser, the Issuer shall use all reasonable endeavours promptly to appoint an Independent Adviser for such purpose.

8. REDEMPTION, EXCHANGE, VARIATION AND PURCHASE

8.1 No Redemption Date

The Securities are perpetual securities in respect of which there is no fixed maturity or redemption date and the Issuer shall only have the right to redeem or purchase the Securities in accordance with the following provisions of this Condition 8. The Securities are not redeemable at the option of the holders of the Securities at any time.

8.2 Conditions to Redemption and Purchase

To the extent required by the Relevant Rules in order for the Securities to qualify as Tier 1 Own Funds from time to time, the Securities may not be redeemed pursuant to any of the optional early redemption provisions referred to below under Condition 8.6 (*Redemption at the Option of the Issuer*), 8.7 (*Redemption following a Gross-Up Event*), 8.8 (*Redemption following a Tax Deductibility Event*), 8.9 (*Redemption for Regulatory Reasons*) or 8.11 (*Redemption for Rating Reasons*) or purchased by the Issuer or any of its affiliates pursuant to Condition 8.14 (*Purchases*), if:

- (a) the Solvency Condition is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Solvency Condition to be breached; or
- (b) the Issuer has determined and the Relevant Supervisory Authority has confirmed that the Solvency Capital Requirement is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Solvency Capital Requirement to be breached; or
- (c) the Issuer has determined and the Relevant Supervisory Authority has confirmed that the Minimum Capital Requirement is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Minimum Capital Requirement to be breached; or
- (d) an Insolvent Insurer Liquidation has occurred and is continuing; or
- (e) the Regulatory Clearance Condition is not satisfied; or
- (f) any other requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the Relevant Supervisory Authority have not been complied

with following the proposed redemption or purchase (and will continue to not be complied with following the proposed redemption or purchase),

and is each continuing on the relevant redemption date.

the conditions set out in paragraphs 8.2(a) to 8.2(f) (*Conditions to Redemption and Purchase*) (inclusive) above being the **Redemption and Purchase Conditions**. For the avoidance of doubt, the Redemption and Purchase Conditions shall be met if none of the situations set out in paragraphs 8.2(a) to 8.2(f) (*Conditions to Redemption and Purchase*) (inclusive) occurs, and are not met if any of the situations under (a) through (f) occurs.

In the case of an optional early redemption referred to in Condition 8.6 (*Redemption at the Option of the Issuer*), 8.7 (*Redemption following a Gross-Up Event*), 8.8 (*Redemption following a Tax Deductibility Event*), 8.9 (*Redemption for Regulatory Reasons*) or 8.11 (*Redemption for Rating Reasons*) or any purchase of the Securities referred to in Condition 8.14 (*Purchases*)

- (a) that is within five years from the Issue Date or, from (and including) the Fungibility Date, 19 October 2017, such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Securities, if required pursuant to the then Relevant Rules;
- (b) that is after the fifth anniversary of the Issue Date or, from (and including) the Fungibility Date, 19 October 2017 and before the tenth anniversary of the Issue Date, or, from (and including) the Fungibility Date, 19 October 2017 or any other such period prescribed by the then Relevant Rules, the Relevant Supervisory Authority shall have confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement is exceeded by an appropriate margin (taking into account the solvency position of the Issuer including the Issuer's medium-term capital plan), unless such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Securities, if required pursuant to the then Relevant Rules.

If on the proposed date for redemption of the Securities the Redemption and Purchase Conditions are not met, redemption of the Securities shall instead be deferred and such redemption shall occur only in accordance with Condition 8.4 (*Deferral of Redemption*).

8.3 Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by Relevant Supervisory Authority

Notwithstanding Condition 8.2 (*Conditions to Redemption and Purchase*), the Issuer shall be entitled to redeem or purchase the Securities (to the extent permitted by the Relevant Rules) where:

- (a) all Redemption and Purchase Conditions are met other than that described in Condition 8.2(b) (*Conditions to Redemption and Purchase*); and
- (b) the Relevant Supervisory Authority has exceptionally waived the cancellation of redemption or, as the case may be, purchase of the Securities; and

- (c) all (but not some only) of the Securities redeemed or purchased at such time are exchanged for a new issue of Tier 1 Own Funds of the same or higher quality than the Securities; and
- (d) the Minimum Capital Requirement will be complied with immediately following such redemption or purchase, if made.

A certificate signed by two (2) Directors confirming that the conditions set out in this Condition 8.3 are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Fiscal Agent, the holders of the Securities and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Fiscal Agent shall be entitled to rely on such certificate without liability to any person.

8.4 Deferral of Redemption or Purchase

The Issuer shall notify the holders of the Securities in accordance with Condition 13 (*Notices*) no later than five (5) Business Days prior to any date set for redemption or purchase, as applicable, of the Securities if such redemption or purchase, as applicable is to be deferred in accordance with this Condition 8.4, provided that if an event occurs less than five (5) Business Days prior to the date set for redemption or purchase, as applicable, that results in the Redemption and Purchase Conditions ceasing to be met, the Issuer shall notify the holders of the Securities in accordance with Condition 13 (*Notices*) as soon as reasonably practicable following the occurrence of such event.

If redemption or purchase, as applicable, of the Securities does not occur on the date specified in the notice of redemption, or purchase, as applicable, by the Issuer under Condition 8.6 (*Redemption at the Option of the Issuer*), 8.7 (*Redemption following a Gross-Up Event*), 8.8 (*Redemption following a Tax Deductibility Event*), 8.9 (*Redemption for Regulatory Reasons*), 8.11 (*Redemption for Rating Reasons*) or 8.14 (*Purchases*) as a result of the operation of Condition 8.2 (*Conditions to Redemption and Purchase*), the Issuer shall redeem or purchase, as applicable, such Securities at their principal amount outstanding together with any other accrued and unpaid interest (in each case, to the extent that such amounts have not previously been cancelled pursuant to these Conditions), upon the earlier of:

- (a) the date falling ten (10) Business Days after the date on which the Redemption and Purchase Conditions are met or redemption or purchase, as applicable, of the Securities is otherwise permitted pursuant to Condition 8.3 (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by Relevant Supervisory Authority*); or
- (b) the date falling ten (10) Business Days after the date on which the Relevant Supervisory Authority has agreed to the repayment, redemption or purchase, as applicable, of the Securities; or
- (c) the date on which an Issuer Winding-up occurs.

The Issuer shall notify the Fiscal Agent, the Paying Agents, the Conversion Calculation Agent and the holders of the Securities in accordance with Condition 13 (*Notices*) no later than five (5) Business Days prior to any such date set for redemption or purchase, as applicable, pursuant to Condition 8.4(a), 8.4(b) or 8.4(c).

A certificate signed by two (2) Directors confirming that: (i) the Redemption and Purchase Conditions are not met or would not be met if the proposed redemption or repurchase were to be made; or (ii) the Redemption and Purchase Conditions are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Fiscal Agent, the holders of the Securities and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Fiscal Agent shall be entitled to rely on such certificate without liability to any person.

8.5 Deferral of Redemption Not a Default

Notwithstanding any other provision in these Conditions, the deferral of redemption of the Securities in accordance with Condition 8.2 (*Conditions to Redemption and Purchase*) and Condition 8.4 (*Deferral of Redemption*) will not constitute a default by the Issuer and will not give holders of the Securities any right to accelerate the Securities or take any enforcement action under the Securities.

8.6 Redemption at the Option of the Issuer

Provided that the Redemption and Purchase Conditions are met, the Issuer may, having given:

- (a) not less than fifteen (15) nor more than thirty (30) days' notice to the holders of the Securities in accordance with Condition 13 (*Notices*) (which notice shall (save as provided in Condition 8.16 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and
- (b) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (a),

redeem all (but not some only) of the Securities at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any other accrued and unpaid interest to (but excluding) the date of redemption on the First Call Date or on any Interest Payment Date thereafter.

8.7 Redemption following a Gross-Up Event

Provided that the Redemption and Purchase Conditions are met, if at any time, by reason of a change in any law or regulation of a Relevant Jurisdiction, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date or, from (and including) the Fungibility Date, 19 October 2017, the Issuer would, on the occasion of the next payment of interest due in respect of the Securities, not be able to make such payment without having to pay Additional Amounts, and this cannot be avoided by the Issuer taking reasonable measures available to it at the time (a **Gross-Up Event**), the Issuer may, subject to having given:

- (a) not less than fifteen (15) nor more than thirty (30) days' notice to the holders of the Securities in accordance with Condition 13 (*Notices*) (which notice shall (save as provided in Condition 8.16 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and
- (b) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (a),

redeem all (but not some only) of the Securities, at any time at their principal amount, together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) 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 taxes.

8.8 Redemption following a Tax Deductibility Event

Provided that the Redemption and Purchase Conditions are met, 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 thereof, becoming effective on or after the Issue Date or, from (and including) the Fungibility Date, 19 October 2017, payments of interest payable by the Issuer in respect of the Securities 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, (a **Tax Deductibility Event**) the Issuer may, subject to having given:

- (a) not less than fifteen (15) nor more than thirty (30) days' notice to the holders of the Securities in accordance with Condition 13 (*Notices*) (which notice shall (save as provided in Condition 8.16 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and
- (b) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (a),

redeem all (but not some only) of the Securities, at any time at their principal amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) 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.

8.9 Redemption for Regulatory Reasons

Provided that the Redemption and Purchase Conditions are met, if at any time, the Issuer determines that a Regulatory Event has occurred and is continuing, or, as a result of any change in, or amendment to, or any change in the application or official interpretation of, any applicable law, regulation or other official publication, a Regulatory Event will occur within the forthcoming period of six months, then the Issuer may, subject to having given:

- (a) not less than fifteen (15) nor more than thirty (30) days' notice to the holders of the Securities in accordance with Condition 13 (*Notices*) (which notice shall (save as provided in Condition 8.16 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and
- (b) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (a),

redeem all (but not some only) of the Securities, at any time at their principal amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date fixed for redemption.

A **Regulatory Event** is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by the Relevant Supervisory Authority or any court or authority entitled to do so of) the Relevant Rules, the whole or any part of the Securities are no longer capable of counting as Tier 1 Own Funds for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

8.10 Exchange or Variation for Regulatory Reasons

If at any time, the Issuer determines that a Regulatory Event has occurred and is continuing, or, as a result of any change in, or amendment to, or any change in the application or official interpretation of, any applicable law, regulation or other official publication, a Regulatory Event will occur within the forthcoming period of six months, the Issuer may, instead of redeeming the Securities in the manner described above, on any Interest Payment Date, without the consent of the holders of the Securities, (i) exchange all but not some only of the Securities for new Securities (the **Exchanged Securities**), or (ii) vary the terms of all but not some only of the Securities (the **Varied Securities**), so that in either case the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) constitutes Qualifying Tier 1 Securities of the Issuer.

Any such exchange or variation requires prior approval of the Relevant Supervisory Authority. Such exchange or variation shall be binding on the holders of the Securities and shall be notified to them as soon as practicable thereafter.

8.11 Redemption for Rating Reasons

Provided that the Redemption and Purchase Conditions are met, if at any time, the Issuer determines that a Ratings Methodology Event has occurred and is continuing or, as a result of a change in, or clarification to, the methodology of the Rating Agency (or in the interpretation by the Rating Agency of such methodology), a Ratings Methodology Event will occur within the forthcoming period of six months, then the Issuer may, subject to having given

- (a) not less than fifteen (15) nor more than thirty (30) days' notice to the holders of the Securities in accordance with Condition 13 (*Notices*) (which notice shall (save as provided in Condition 8.16 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and
- (b) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (a),

redeem all (but not some only) of the Securities, at any time at their principal amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date fixed for redemption.

8.12 Exchange or Variation for Rating Reasons

If at any time, the Issuer determines that a Ratings Methodology Event has occurred and is continuing or, as a result of a change in, or clarification to, the methodology of the Rating Agency (or in the interpretation by the Rating Agency of such methodology), a Ratings Methodology Event will occur within the forthcoming period of six months, the Issuer may, instead of redeeming the Securities in the manner described above, on any Interest Payment

Date, without the consent of holders of the Securities, (i) exchange all but not some only of the Securities for Exchanged Securities, or (ii) vary the terms of all but not some only of the Securities, so that they become or remain, Rating Agency Compliant Securities.

Any such exchange or variation requires prior approval of the Relevant Supervisory Authority. Such exchange or variation shall be binding on the holders of the Securities and shall be notified to them as soon as practicable thereafter.

8.13 Preconditions to redemption, exchange, variation or purchase

- (a) Prior to the publication of any notice of redemption, variation, exchange or purchase pursuant to this Condition 8, the Issuer shall deliver to the Fiscal Agent a certificate signed by two (2) Directors stating that, as the case may be, the Issuer is entitled to redeem the Securities on the grounds that a Tax Deductibility Event, a Gross-Up Event, a Regulatory Event or a Ratings Methodology Event has occurred and is continuing as at the date of the certificate or, as the case may be (in the case of a Regulatory Event or a Ratings Methodology Event), will occur within a period of six (6) months and that it would have been reasonable for the Issuer to conclude, judged at the Issue Date or, from (and including) the Fungibility Date, 19 October 2017, that such Tax Deductibility Event, Gross-Up Event, Regulatory Event or Ratings Methodology Event was unlikely to occur.
- (b) The Issuer shall not be entitled to amend or otherwise vary the terms of the Securities or exchange the Securities unless:
 - (i) it has notified the Relevant Supervisory Authority in writing of its intention to do so; and
 - (ii) the Regulatory Clearance Condition has been satisfied in respect of such proposed amendment, variation or exchange.

A certificate signed by two (2) Directors confirming the requirements set out above are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Fiscal Agent, the holders of the Securities and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Fiscal Agent shall be entitled to rely on such certificate without liability to any person.

8.14 Purchases

The Issuer or any of its affiliated entities may at any time purchase Securities in any manner and at any price subject to the Redemption and Purchase Conditions being met prior to, and at the time of, such purchase. All Securities purchased by or on behalf of the Issuer or of its Subsidiary may be held, reissued, resold or, at the option of the Issuer and the relevant purchaser, surrendered for cancellation to the Fiscal Agent but whilst held may not be treated as outstanding for various purposes set out in the Agency Agreement.

8.15 Cancellations

All Securities redeemed or exchanged by the Issuer pursuant to this Condition 8, and all Securities purchased and surrendered for cancellation pursuant to Condition 8.14 (*Purchases*), will forthwith be cancelled. Any Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged.

8.16 Notices Final

Subject and without prejudice to Conditions 4.1 (*Solvency Condition*), 8.2 (*Conditions to Redemption and Purchase*) and 8.4 (*Deferral of Redemption*), any notice of redemption as is referred to in this Condition 8 shall, except in the circumstances described in the following paragraph of this Condition 8.16, be irrevocable and on the redemption date specified in such notice the Issuer shall be bound to redeem, or as the case may be, vary or exchange, the Securities in accordance with the terms of the relevant Condition.

For the avoidance of doubt, the Issuer may not give a notice of redemption of the Securities pursuant to this Condition 8 if a Conversion Trigger Notice has been given. If a Conversion Trigger Notice is given after a notice of redemption has been given by the Issuer but before the relevant redemption date, such notice of redemption shall automatically be revoked and be null and void and the relevant redemption shall not be made.

9. PAYMENTS

9.1 Payments in respect of Securities

Payment of principal and interest will be made by transfer to the registered account of the relevant holder of a Security. Payments of principal, and payments of interest due at the time of redemption of the Securities, will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Save as provided in the previous sentence, interest due for payment on the Securities will be paid to the holder shown on the Register at the close of business on the date (the **record date**) being the second day before the due date for the relevant payment.

For the purposes of this Condition 9.1, a holder of a Security's registered account means the euro account maintained by or on behalf of it with a bank that processes payments in euro, details of which appear on the Register at the close of business, in the case of principal, and of interest due at the time of redemption of the Securities, on the second Business Day before the due date for payment and, in the case of any other payment of interest, on the relevant record date.

9.2 Payments subject to applicable laws

Payments will be subject in all cases to (i) any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or its respective Paying Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements and (ii) any withholding or deduction imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a **FATCA Withholding Tax**), and the Issuer will not be required to pay Additional Amounts on account of any FATCA Withholding Tax.

9.3 No commissions

No commissions or expenses shall be charged to the holders of the Securities in respect of any payments made in accordance with this Condition 9.

9.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the Business Day preceding the due date for payment or, in the case of a payment of principal, or of a payment of interest due at the time of redemption of the Securities, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.

Holders of the Securities will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if the holder of a Security is late in surrendering its Certificate (in circumstances where it is required to do so).

9.5 Partial payments

If the amount of principal or interest which is due on the Securities is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

9.6 Agents

The names of the Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that they will at all times maintain:

- (a) a Fiscal Agent;
- (b) a Paying Agent (which may be the Fiscal Agent) having a specified office in continental Europe; and
- (c) a Registrar.

In addition, the Issuer shall appoint and maintain an Interest Calculation Agent in accordance with the provisions of Condition 5.5 (*Interest Calculation Agent*). Notice of any termination or appointment and of any changes in specified offices of any of the Agents will be given to the holders of the Securities promptly by the Issuer in accordance with Condition 13 (*Notices*).

10. TAXATION

10.1 Payment without withholding

All payments in respect of the Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by law. In any such event, the Issuer will pay such additional amounts in respect of Interest Payments but not in respect of any payments of principal (**Additional Amounts**) as may be necessary in order that the net amounts received by the holders of the Securities after the withholding or deduction

shall equal the respective amounts which would have been received in respect of the Securities in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Security:

- (a) the holder of which is liable to the Taxes in respect of the Security by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Security; or
- (b) surrendered for payment (where surrender is required) in the Relevant Jurisdiction; or
- (c) in circumstances where such withholding or deduction would not be required if the holder or any person acting on his behalf had obtained and/or presented any form or certificate or had made a declaration of non-residence or similar claim for exemption to the relevant tax authority upon the making of which the holder would have been able to avoid such withholding or deduction; or
- (d) surrendered for payment (where surrender is required) more than thirty (30) days after the Relevant Date except to the extent that a holder would have been entitled to Additional Amounts on surrendering the same for payment on the last day of the period of thirty (30) days assuming (whether or not such is in fact the case) that day to have been a Business Day.

Notwithstanding the above, any amounts to be paid by the Issuer on the Securities will be paid net of any deduction or withholding imposed or required pursuant to any FATCA Withholding Tax, and the Issuer will not be required to pay any Additional Amounts on account of any FATCA Withholding Tax.

10.2 Additional Amounts

Any reference in these Conditions to any amounts payable in respect of the Securities shall be deemed also to refer to any Additional Amounts which may be payable under this Condition.

11. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless the relevant Security is presented for payment within a period of five (5) years from the date on which the payment first becomes due.

12. LIMITED REMEDIES IN CASE OF NON-PAYMENT

Any failure by the Issuer to pay interest or principal when due in respect of the Securities shall not constitute an event of default and does not give holders of the Securities any right to demand repayment of the principal amount of the Securities.

If any of the following events shall have occurred and be continuing:

- (a) the Issuer is declared bankrupt (*failliet*), or a moratorium (*surseance van betaling* or *noodregeling*, as applicable) is applied to the Issuer; or
- (b) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer other than in case of an Approved Winding-up,

then any holder of a Security may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare the Security held by the holder of a Security to be forthwith due and payable whereupon the same shall become forthwith due and payable at its principal amount and any accrued but unpaid interest from the previous Interest Payment Date up to (but excluding) the date of repayment (to the extent payment of such interest amount is not cancelled pursuant to Condition 6 (*Interest Cancellation*)), without presentment, demand, protest or other notice of any kind provided that repayment of Securities will only be effected after the Issuer has obtained the prior written permission of the Relevant Supervisory Authority provided that at the relevant time such permission is required.

No remedy against the Issuer other than as referred to in this Condition 12 shall be available to the holders of the Securities, whether for recovery of amounts owing in respect of the Securities or in respect of any breach by the Issuer of any of its obligations under or in respect of the Securities.

13. NOTICES

All notices to the holders of the Securities will be valid if published in a leading newspaper having general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*) and, so long as the Securities are listed on a stock exchange, as required by the rules of such stock exchange or, if any such publication shall not be practicable, in an English language newspaper of general circulation in Europe (which is expected to be the *Financial Times*). 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 first date on which publication is made.

14. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. MEETINGS OF HOLDERS OF THE SECURITIES, MODIFICATION, WAIVER AND AUTHORISATION

15.1 Meetings of holders of the Securities

Except as provided herein, any modification to, or waiver in respect of, these Conditions or any provisions of the Agency Agreement will be subject to satisfaction of the Regulatory Clearance Condition.

The Agency Agreement contains provisions for convening meetings of holders of the Securities to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by holders of the Securities holding not less than ten per cent. in principal amount of the Securities for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. in principal amount of the Securities for

the time being outstanding, or at any adjourned meeting one or more persons being or representing holders of the Securities whatever the principal amount of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, (i) to modify the provisions for redemption of the Securities or the dates on which interest is payable in respect of the Securities, (ii) to reduce or cancel the principal amount of, or amounts payable on redemption of, the Securities (in each case other than as a result of the operation of Condition 7 (*Conversion*)), (iii) to reduce the Interest Rate in respect of the Securities or to vary the method of calculating the Interest Rate, or method of calculating the interest amount, on the Securities, (iv) to change the currency of payment of the Securities, (v) to modify the provisions concerning the quorum required at any meeting of holders of the Securities or the majority required to pass an Extraordinary Resolution, (vi) to modify the provisions regarding the status or recapitalisation (*Conversion*) features of the Securities referred to in Condition 4.2 (*Winding-up prior to a Conversion Trigger Event*) or 4.3 (*Winding-up on or after a Conversion Trigger Event*) or Condition 7 (*Conversion*) or (vii) to modify the provisions regarding the cancellation of interest referred to in Condition 6 (*Interest Cancellation*) or 7 (*Conversion*)) the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Securities for the time being outstanding.

An Extraordinary Resolution passed at any meeting of holders of the Securities will be binding on all holders of the Securities, whether or not they are present at the meeting.

The Agency Agreement provides that (i) a resolution in writing signed by or on behalf of the holders of the Securities of not less than 90 per cent. in principal amount of the Securities outstanding or (ii) consents 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 the Securities of not less than 90 per cent. in nominal amount of the Securities outstanding, shall, in either case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of the Securities duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of the Securities.

15.2 Modification, waiver, authorisation and determination

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 holders of the Securities. The Agency Agreement and the Conditions may be amended by the Issuer and the Fiscal Agent, without the consent of any Paying Agent or holder of a Security, where such modification is of a formal, minor or technical nature or is made to correct a manifest error or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer and the Fiscal Agent may agree and which does not adversely affect the interests of the holders of the Securities.

Any amendment to these Conditions is subject to the Issuer obtaining the prior written permission of the Relevant Supervisory Authority therefor.

A certificate signed by two (2) Directors confirming the requirements set out above are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Fiscal Agent,

the holders of the Securities and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Fiscal Agent shall be entitled to rely on such certificate without liability to any person.

15.3 Notification to the holders of the Securities

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the holders of the Securities and shall be notified by the Issuer to the holders of the Securities as soon as practicable thereafter in accordance with Condition 13 (*Notices*).

16. GOVERNING LAW AND JURISDICTION

The Agency Agreement, the Securities, and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of the Netherlands.

The Issuer submits for the exclusive benefit of the holders of the Securities to the jurisdiction of the courts of Amsterdam, The Netherlands judging in first instance, and its appellate courts.

17. DEFINED TERMS

In these Conditions:

2017 Securities means the EUR300,000,000 Perpetual Restricted Tier 1 Contingent Convertible Securities issued by the Issuer on 19 October 2017;

5 Year Mid-Swap Rate means, in relation to a Reset Period and the Reset Interest Rate Determination Date in respect of such Reset Period:

- (a) the mid-swap rate for euro swaps with a term of 5 years which appears on the Screen Page, to be determined on or about 11:00 a.m. (Central European time) on such Reset Interest Rate Determination Date; or
- (b) if such rate does not appear on the Screen Page at such time on such Reset Interest Rate Determination Date, the Reset Reference Bank Rate on such Reset Interest Rate Determination Date;

Additional Amounts has the meaning given to such term in Condition 10.1 (*Payment without withholding*);

Agency Agreement has the meaning given to such term in the preamble to these Conditions;

Agents means the Fiscal Agent and the other Paying Agents appointed from time to time under the Agency Agreement;

Approved Winding-up means a solvent winding-up of the Issuer 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 in writing by an Extraordinary Resolution; and (ii) do not provide that the Securities or any amount in respect thereof shall thereby become payable;

Assets means the non-consolidated gross assets of the Issuer as shown by the then latest published audited balance sheet of the Issuer but adjusted for contingencies and for subsequent events and to such extent as two Directors, the auditors or, as the case may be, the liquidator may determine to be appropriate;

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

Calculation Amount has the meaning given to such term in Condition 5.1 (*Interest Rate*);

Cash Dividend means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than any Dividend falling within paragraph (b) of the definition of Spin-Off” and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of “Dividend”, *provided* that a Dividend falling within paragraph (c) or (d) of the definition of “Dividend” shall be treated as being a Non-Cash Dividend;

Closing Price means, in respect of a Relevant Security, option, warrant or other right on any Dealing Day, the official closing price of such Relevant Security, option, warrant or other right on the Relevant Stock Exchange on such Dealing Day as published by or derived from Bloomberg page “HP” (or any successor page) (using the setting “Last Price”, or any successor setting) in respect of such Relevant Security, option, warrant or other right for the Relevant Stock Exchange in respect thereof on such Dealing Day or, if such price is not available from Bloomberg as aforesaid, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Adviser on such Dealing Day, provided that if on any such Dealing Day such price is not available or cannot otherwise be determined as provided above, the Closing Price of a Relevant Security, option, warrant or other right, as the case may be, in respect of such Dealing Day shall be the Closing Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined, or if such price cannot be determined as provided above, the Closing Price shall be determined as an Independent Adviser might otherwise determine in good faith to be appropriate;

Conditions has the meaning given to such term in the preamble to these Conditions;

Conversion means the conversion of the Securities into Ordinary Shares pursuant to Condition 7 (*Conversion*), and “convert” and “converted” shall be construed accordingly;

Conversion Date has the meaning given to such term in Condition 7.3 (*Notification of the occurrence of a Conversion Trigger Event*);

Conversion Price has the meaning given to such term in Condition 7.2(b) (*Conversion upon Conversion Trigger Event*);

Conversion Shares means the Ordinary Shares to be issued and delivered to the Conversion Shares Depository (or to the relevant recipient in accordance with these Conditions) by the Issuer on the Share Delivery Date on and subject to the terms set out in Condition 7 (*Conversion*);

Conversion Shares Depository means a reputable financial institution, trust company or similar entity (which in each such case is wholly independent of the Issuer) to be appointed by the Issuer on or prior to any date when a function ascribed to the Conversion Shares Depository in these Conditions is required to be performed to perform such functions and that will hold the

Conversion Shares (and any Conversion Shares Offer Consideration) for the holders of the Securities of the Securities in one or more segregated accounts, unless otherwise required to be transferred out of such accounts for the purposes of the Conversion Shares Offer, and otherwise on terms consistent with these Conditions;

Conversion Shares Offer has the meaning given to such term in Condition 7.5(a) (*Conversion Shares Offer*);

Conversion Shares Offer Agent means the agent(s), if any, to be appointed on behalf of the Conversion Shares Depositary by the Issuer, in its sole and absolute discretion, to act as placement or other agent of the Conversion Shares Depositary to facilitate a Conversion Shares Offer;

Conversion Shares Offer Consideration means in respect of each Security and as determined by the Conversion Calculation Agent:

- (a) if all of the Conversion Shares to be issued and delivered on Conversion are sold in the Conversion Shares Offer, the pro rata share of the cash proceeds from the sale of such Conversion Shares attributable to such Security translated, if necessary, into euro at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs, if applicable);
- (b) if some but not all of such Conversion Shares are sold in the Conversion Shares Offer:
 - (i) the pro rata share of the cash proceeds from the sale of such Conversion Shares attributable to such Securities translated, if necessary, into euro at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs); and
 - (ii) the pro rata share of such Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Securities rounded down to the nearest whole number of Ordinary Shares; and
- (c) if no Conversion Shares are sold in a Conversion Shares Offer, the relevant Conversion Shares attributable to such Securities rounded down to the nearest whole number of Ordinary Shares,

subject, in the case of paragraphs (a) and (b)(i) above, to deduction from any such cash proceeds of (1) an amount equal to the pro rata share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in such Conversion Shares to the Conversion Shares Depositary (or Conversion Shares Offer Agent(s) (if any)) as a consequence of the Conversion Shares Offer or (2) an amount as a result of the application of the restriction in Condition 7.5(d);

Conversion Shares Offer Notice has the meaning given to such term in Condition 7.5(a) (*Conversion Shares Offer*);

Conversion Shares Offer Period has the meaning given to such term in Condition 7.5(c) (*Conversion Shares Offer*);

Conversion Shares Offer Price means the price per Conversion Share specified as such in the Conversion Shares Offer Notice. The Conversion Shares Offer Price to be so specified shall be:

- (a) if the Ordinary Shares are then admitted to trading on a Relevant Stock Exchange, the Current Market Price as at the Conversion Date; or
- (b) if the Ordinary Shares are not then admitted to trading on a Relevant Stock Exchange, the Fair Market Value of a Conversion Share as at the Conversion Date;

Conversion Shares Settlement Notice means a notice in the form for the time being currently available from the specified office of any Paying Agent and which is required to be delivered to the Conversion Shares Depositary (or its agent(s) designated for the purpose in the Conversion Trigger Notice) in connection with a Conversion of the Securities;

a **Conversion Trigger Event** shall occur if at any time:

- (a) the amount of Own Fund Items eligible to cover the Solvency Capital Requirement is equal to or less than seventy-five (75) per cent. of the Solvency Capital Requirement;
- (b) the amount of Own Fund Items eligible to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement; or
- (c) a breach of the Solvency Capital Requirement has occurred and such breach has not been remedied within a period of three (3) months from the date on which the breach was first observed;

Conversion Trigger Notice has the meaning given to such term in Condition 7.3(b) (*Notification of the occurrence of a Conversion Trigger Event*);

Current Market Price means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Prices of an Ordinary Share on each of the five (5) consecutive Dealing Days ending on the Dealing Day immediately preceding such date, provided that, for the purposes of Condition 7.8(d) and 7.8(f) (*Adjustment of Conversion Price*), if at any time during the said five (5) dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum- such Dividend (or cum- such any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or
- (b) if the Ordinary Shares to be issued and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex- any other

entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit,

and provided further that, for the purposes of Condition 7.8(d) and 7.8(f) (*Adjustment of Conversion Price*), if on each of the said five (5) Dealing Days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued and delivered do not rank for that Dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of the terms such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit,

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five (5) Dealing Days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five (5) Dealing Day period shall be used (subject to a minimum of two (2) such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Adviser;

Day Count Fraction has the meaning given to such term in Condition 5.1 (*Interest Rate*);

Dealing Day means a day on which the Relevant Stock Exchange or any other relevant stock exchange or securities market is open for business on which Ordinary Shares, Relevant Securities, Relevant Shares, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or such other relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time);

Director means any member of the Executive Board of the Issuer from time to time;

Dividend means any dividend or distribution to Shareholders in respect of the Ordinary Shares (including a Spin-Off) whether of cash, assets or other property (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves), and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital provided that:

- (a) where
 - (i) a Dividend in cash is announced which may at the election of a Shareholder or Shareholders be satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where an issue or delivery of Ordinary Shares or other

property or assets by way of a capitalisation of profits or reserves is announced which may at the election of a Shareholder or Shareholders be satisfied by the payment of cash, then the Dividend or capitalisation in question shall be treated as a Cash Dividend of an amount equal to the greater of (A) the Fair Market Value of such cash amount and (B) the Current Market Price of such Ordinary Shares (or, as the case may be, the Fair Market Value of such other property or assets) in each case as at the first date on which the Ordinary Shares are traded ex-the relevant Dividend or capitalisation on the Relevant Stock Exchange or, in any such case, if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued and delivered is determined; or

- (ii) there shall be any issue or delivery of Ordinary Shares or other property or assets by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue or delivery is or is expressed to be in lieu of a Dividend (whether or not a Cash Dividend equivalent or amount is announced), or a Dividend in cash that is to be satisfied by the issue or delivery of Ordinary Shares or other property or assets, the capitalisation or Dividend in question shall be treated as a Cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, as at the first date on which the Ordinary Shares are traded ex-the relevant capitalisation or, as the case may be, ex-the relevant Dividend on the Relevant Stock Exchange or, if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) to be issued and delivered is determined;
- (b) any issue of Ordinary Shares as described in Condition 7.8(a) or 7.8(b) (*Adjustment of Conversion Price*) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Issuer by or on behalf of the Issuer in accordance with any general authority for such purchases or buy backs approved by a general meeting of Shareholders and otherwise in accordance with the limitations prescribed under Dutch law for dealings generally by a company in its own shares shall not constitute a Dividend and any other purchase or redemption or buy back of share capital of the Issuer by or on behalf of the Issuer shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer, the weighted average price per Ordinary Share (before expenses) on any one day (a **Specified Share Day**) in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the daily Volume Weighted Average Price of an Ordinary Share on the 5 dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the 5 dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per

Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency in an amount equal to the amount by which the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Issuer (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of the daily Volume Weighted Average Price of an Ordinary Share determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back;

- (d) if the Issuer shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Adviser; and
- (e) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Issuer for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from a person other than (or in addition to) the Issuer, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Issuer, and the foregoing provisions of this definition, and the provisions of these Conditions, including references to the Issuer paying or making a dividend, shall be construed accordingly;

EUR or euro means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

Extraordinary Dividend means any Cash Dividend that is expressly declared by the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to Shareholders as a class or any analogous or similar term, in which case the Extraordinary Dividend shall be such Cash Dividend;

Extraordinary Resolution has the meaning given to such term in the Agency Agreement;

Fair Market Value means:

- (a) with respect to a Cash Dividend, the amount of such Cash Dividend;
- (b) with respect to a cash amount, the amount of such cash;
- (c) with respect to Relevant Securities, options, warrants or other rights that are publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined in good faith by an Independent Adviser), (i) with respect to such Relevant Securities (to the extent constituting equity share capital), the arithmetic mean of the daily Volume Weighted Average Prices of such Relevant Securities and (ii) with respect to such Relevant Securities (other than to the extent constituting equity share capital), options, warrants or other rights, the arithmetic mean of the daily Closing Prices of such Relevant Securities, options, warrants or other rights, in the case of (i) and (ii), during the period of five Dealing Days on the Relevant Stock Exchange commencing on such date (or, if later, the first such Dealing Day such Relevant Securities, options, warrants or other

rights are publicly traded) or such shorter period as such Relevant Securities, options, warrants or other rights are publicly traded; and

- (d) with respect to Relevant Securities, options, warrants or other rights that are not publicly traded on a Relevant Stock Exchange of adequate liquidity (as aforesaid), the fair market value of such Relevant Securities, options, warrants or other rights as determined in good faith by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Relevant Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Save for the Fair Market Value determination referred to in the definition of “Conversion Shares Offer Price” such amounts shall, in the case of paragraphs (a) and (b) above, be translated (if expressed in a currency other than the Relevant Currency) into the Relevant Currency (if declared, announced, made, paid or payable in a currency other than the Relevant Currency, and if the relevant Dividend is payable at the option of the Issuer or a Shareholder in any currency additional to the Relevant Currency, the relevant Dividend shall be treated as payable in the Relevant Currency) at the rate of exchange (if any) used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and, in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of paragraphs (a) and (b) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit;

Final Cancellation Date means the date on which any Securities in relation to which no Conversion Shares Settlement Notice has been received by the Conversion Shares Depositary (or its designated agent(s)) on or before the Notice Cut-off Date shall be cancelled, which date is expected to be no more than twelve (12) Business Days following the Notice Cut-off Date and which will be notified to holders of the Securities in the Conversion Trigger Notice;

First Call Date means 19 October 2027;

Fungibility Conditions means the passing of certain resolutions proposed by the Issuer to the holders of the 2017 Securities pursuant to a consent solicitation process announced on 16 September 2019 which are required in order for the Securities to be consolidated and form a single series with the 2017 Securities;

Fungibility Date means following fulfilment of the Fungibility Conditions, the date on which the Securities become consolidated and form a single series with the 2017 Securities;

Group means the Issuer and its Subsidiaries;

Gross-Up Event has the meaning given to such term in Condition 8.7 (*Redemption following a Gross-Up Event*);

Group Insurance Undertaking means an insurance undertaking or a reinsurance undertaking of the Group;

holder of a Security has the meaning given to such term in Condition 1.2 (*Title*);

Independent Adviser means an independent financial institution of international repute or independent financial adviser with appropriate expertise (which may be (without limitation) the Conversion Calculation Agent) appointed by the Issuer at its own expense;

Insolvent Insurer Liquidation means a liquidation of any Group Insurance Undertaking that is not at that time a Solvent Insurer Liquidation;

Interest Calculation Agent means a leading financial institution in London or Amsterdam appointed by the Issuer in accordance with Condition 5.5 (*Interest Calculation Agent*) for the purposes of determining the Interest Rate;

Interest Payment means, in respect of any Interest Payment Date, the amount of interest due and payable on such Interest Payment Date;

Interest Payment Date means 19 April and 19 October in each year, commencing on 19 October 2019, save that if any Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day;

Interest Period means the period from (and including) one Interest Payment Date (or in the case of the first Interest Period, from the Issue Date) to (but excluding) the next (or in the case of the first Interest Period, the first) Interest Payment Date (or, if earlier, the date on which accrued interest otherwise becomes due and payable pursuant to these Conditions);

Interest Rate has the meaning given to such term in Condition 5.1 (*Interest Rate*);

Issue Date means 24 September 2019;

Issuer has the meaning given to such term in the preamble to these Conditions;

Issuer Winding-up has the meaning given to such term in Condition 4.2 (*Winding-up prior to a Conversion Trigger Event*);

Issuer's Distributable Items means, with respect to and as at any Interest Payment Date, without double-counting, an amount equal to:

- (a) the retained earnings and the distributable reserves of the Issuer, calculated on an unconsolidated basis, as at the last calendar day of the then most recently ended financial year of the Issuer; plus
- (b) the profit for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date; less
- (c) the loss for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date,

each as defined under national law, or in the articles of association of the Issuer.

Junior Obligations means (i) any existing and future classes of share capital of the Issuer, other than any class of preference share capital that qualifies as a Parity Obligation or as a Senior Obligation, or (ii) any other securities or obligations of the Issuer ranking or expressed to rank junior to the Securities;

Liabilities means the non-consolidated gross liabilities of the Issuer as shown by the then latest published audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events and to such extent as two Directors, the auditors or, as the case may be, the liquidator may determine to be appropriate;

Mandatory Interest Cancellation Event has the meaning given to such term in Condition 6.2 (*Mandatory Cancellation of Interest Payments*);

Margin means 3.789 per cent. per annum;

Mid-Swap Rate Quotations means the arithmetic mean of the bid and ask rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

- (a) has a term of 5 years commencing on the relevant Reset Date;
- (b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on six-month EURIBOR (calculated on an Actual/360 day count basis).

Minimum Capital Requirement means any of the Minimum Capital Requirement of the Issuer or the Group minimum Solvency Capital Requirement (as applicable) referred to in the Relevant Rules from time to time;

Non-Cash Dividend means any Dividend which is not a Cash Dividend, and shall include a Spin-Off;

Notice Cut-off Date means the date specified as such in the Conversion Trigger Notice, which date shall be at least twenty (20) Business Days following the Share Delivery Date;

Ordinary Shares means fully paid ordinary shares in the capital of the Issuer;

Own Fund Items means any own fund item referred to in the Relevant Rules;

Parity Obligations means any present and future security or obligation which qualifies as Tier 1 Own Funds (other than Junior Obligations) of the Issuer (in each case whether or not such securities count as Tier 1 Own Funds at the time) and any other securities or obligations of the Issuer that rank or are expressed to rank junior to Senior Obligations or equally and rateably with Tier 1 Own Funds (other than Junior Obligations) of the Issuer, including, but not limited to, 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) and, up to (but excluding) the Fungibility Date, the Perpetual Restricted Tier 1 Contingent Convertible Securities issued by

the Issuer on 19 October 2017 (ISIN: XS1700709683), provided that if the articles of association of the Issuer provide that the Issuer's share capital includes preference shares, the preference share capital of the Issuer or, if sub-divided in classes, the most senior ranking class thereof (whether or not outstanding) shall qualify as a Parity Obligation (provided that preference shares that qualify as Tier 2 Capital or Tier 3 Capital shall qualify as Senior Obligations);

Paying Agents means the Fiscal Agent, the Paying Agents and the Registrar (and such term shall include any successor, replacement or additional paying agents appointed under the Agency Agreement);

Policyholder Claims means claims of policyholders in a liquidation of a Group Insurance Undertaking to the extent that those claims relate to any debt to which the Group Insurance Undertaking is, or may become, liable to a policyholder pursuant to a contract of insurance;

Prevailing Rate means, in respect of any currencies on any day, the spot mid-rate of exchange between the relevant currencies prevailing as at 12 noon (London time) on that date as appearing on or derived from Bloomberg page BFIX (or any successor page) in respect of such pair of currencies or, if such a rate cannot be so determined, the rate prevailing as at 12 noon (London time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined, the rate determined in such other manner as an Independent Adviser shall in good faith prescribe;

Qualifying Tier 1 Securities means securities issued directly or indirectly by the Issuer that:

- (a) have terms not materially less favourable to an investor than the terms of the Securities (as reasonably determined by the Issuer in consultation with an independent adviser of international standing, and provided that a certification to such effect (including as to the consultation with the independent adviser and in respect of the matters specified in paragraphs (b)(i) to (vi) below) signed by two (2) Directors shall have been delivered to the Fiscal Agent (upon which the Fiscal Agent shall be entitled to rely without liability to any person) prior to the issue of the relevant securities);
- (b) subject to paragraph (a) above:
 - (i) contain terms which comply with the then current requirements of the Relevant Supervisory Authority in relation to Tier 1 Own Funds;
 - (ii) bear at least the same rate of interest from time to time applying to the Securities and preserve the Interest Payment Dates;
 - (iii) contain terms providing for the cancellation and/or suspension of payments of interest or principal only if such terms are not materially less favourable to an investor than the cancellation and/or suspension provisions, respectively, contained in the terms of the Securities;
 - (iv) rank senior to, or *pari passu* with, the ranking of the Securities;
 - (v) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption,

provided that such Qualifying Tier 1 Securities may not be redeemed by the Issuer prior to the First Call Date (save for redemption, exchange or variation on terms analogous with Condition 8.6 (*Redemption at the Option of the Issuer*), 8.7 (*Redemption following a Gross-Up Event*), 8.8 (*Redemption following a Tax Deductibility Event*), 8.9 (*Redemption for Regulatory Reasons*) or 8.11 (*Redemption for Rating Reasons*), 8.10 (*Exchange or Variation for Regulatory Reasons*) and/or 8.12 (*Exchange or Variation for Rating Reasons*);

- (vi) preserve any existing rights under these Conditions to any accrued interest and any other amounts payable under the Securities which, in each case, has accrued to holders of the Securities and not been paid (but without prejudice to any right of the Issuer subsequently to cancel any such rights so preserved in accordance with the terms of the Qualifying Tier 1 Securities); and
- (c) are listed or admitted to trading on the Global Exchange Market of the Irish Stock Exchange or such other stock exchange as selected by the Issuer in consultation with the Fiscal Agent;

Rating Agency means each of Standard & Poor's Credit Market Services Europe Limited or any successor thereto;

Rating Agency Compliant Securities means securities issued directly or indirectly by the Issuer that are:

- (a) Qualifying Tier 1 Securities; and
- (b) assigned by the Rating Agency substantially the same equity content or, at the absolute discretion of the Issuer, a lower equity content (provided such equity content is still higher than the equity content assigned to the Securities or, from (and including) the Fungibility Date, the 2017 Securities after the occurrence of the Ratings Methodology Event) as that which was assigned by the Rating Agency to the Securities on or around the Issue Date or, from (and including) the Fungibility Date, to the 2017 Securities on or around 19 October 2017 and provided that a certification to such effect signed by two (2) Directors shall have been delivered to the Fiscal Agent prior to the issue of the relevant securities (upon which the Fiscal Agent shall be entitled to rely without liability to any person);

Ratings 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 Rating Agency of such methodology) as a result of which the equity content previously assigned by that Rating Agency to the Securities is reduced when compared to the equity content assigned by that Rating Agency to the Securities on or around the Issue Date or, from (and including) the Fungibility Date, equity content assigned by that Rating Agency to the 2017 Securities is reduced when compared to the equity content assigned by that Rating Agency to the 2017 Securities on or around 19 October 2017;

record date has the meaning given to such term in Condition 9.1 (*Payments in respect of Securities*);

Redemption and Purchase Conditions has the meaning given to such term in Condition 8.2

(Conditions to Redemption and Purchase);

Register has the meaning given to such term in Condition 1.1 (*Form and Denomination*);

the **Regulatory Clearance Condition** being satisfied means, in respect of any proposed act on the part of the Issuer, the Relevant Supervisory Authority having approved, having given permission or consented to, or having been given due notification of and having not objected (if and to the extent applicable) to, such act (in any case only if and to the extent required by the Relevant Supervisory Authority or the Relevant Rules (on the basis that the Securities are intended to qualify as Tier 1 Own Funds) at the relevant time);

Relevant Currency means euro or (if different) the currency in which the Ordinary Shares or the Relevant Shares (as applicable) are quoted or dealt in on the Relevant Stock Exchange at such time;

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the holders of the Securities by the Issuer in accordance with Condition 13 (*Notices*);

Relevant Jurisdiction means the Netherlands or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Securities;

Relevant Rules means, at any time, any legislation, rules, guidelines or regulations (whether having the force of law or otherwise) then applying to the Issuer or the Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II and any legislation, rules, guidelines or regulations of the Relevant Supervisory Authority relating to such matters;

Relevant Securities means any securities including, without limitation, shares in the capital of the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Issuer (and each a **Relevant Security**);

Relevant Shares has the meaning given to such term in Condition 7.13 (*Change in Terms on Change of Control*);

Relevant Stock Exchange means in respect of the Ordinary Shares, any Relevant Security, option, warrant or other right or any other securities, Euronext Amsterdam or, if at the relevant time the Ordinary Shares, any Relevant Security, option, warrant or other right are not at that time listed and admitted to trading on Euronext Amsterdam, the principal stock exchange or securities market (if any) on which the Ordinary Shares, any Relevant Security, option, warrant or other right are then listed, admitted to trading or quoted or accepted for dealing;

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);

Relevant Year means, in respect of any Cash Dividend, the financial year of the Issuer in respect of which such Cash Dividend is being paid or made, or deemed to be paid or made, as the case may be;

Reset Date has the meaning given to such term in Condition 5.1 (*Interest Rate*);

Reset Interest Rate Determination Date means the second Business Day prior to the start of each Reset Period;

Reset Period means the period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

Reset Reference Bank Rate means, with respect to a Reset Interest Rate Determination Date, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Agent at approximately 11:00 a.m. (Central European time) on such Reset Interest Rate Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Call Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Call Date, 0.235 per cent. per annum;

Reset Reference Banks means six leading swap dealers in the interbank market selected by the Issuer in its discretion and notified to the Agent;

Screen Page means Bloomberg screen "ICAE1" or such other page as may replace it on Bloomberg or, as the case may be, on such other information service that may replace Bloomberg, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the relevant 5-year Mid-Swap Rate;

Securities has the meaning given to such term in the preamble to these Conditions;

Senior Obligations means any present and future obligation to creditors of the Issuer (a) who are unsubordinated creditors of the Issuer, including all policyholders (if any) or beneficiaries under contracts of insurance of the Issuer (if any) or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of an Issuer Winding-up or otherwise) to the claims of unsubordinated creditors of the Issuer (such subordinated claims including any claims with respect to instruments that qualify as Tier 2 Capital or Tier 3 Capital (in each case whether or not such securities count as Tier 2 Capital or Tier 3 Capital, respectively, at the time) of the Issuer), other than those whose claims are, or are expressed to rank, *pari passu* with or junior to the claims of the holders of the Securities;

Settlement Date means:

- (a) where the Issuer has not elected that a Conversion Shares Offer will be conducted, with respect to any Security in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository or its designated agent on or before the Notice Cut-off Date, the date that is two (2) Business Days after the latest of:
 - (i) the Share Delivery Date;
 - (ii) the date on which the Issuer announces that it will not elect for a Conversion Shares Offer to be conducted (or, if no such announcement is made, the last date on which the Issuer is entitled to give the Conversion Shares Offer Notice); and
 - (iii) the date on which the relevant Conversion Shares Settlement Notice has been received by the Conversion Shares Depository or its designated agent;
- (b) where the Issuer has elected that a Conversion Shares Offer will be conducted, with respect to any Security in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository or its designated agent on or before the Notice Cut-off Date, the date that is two (2) Business Days after the later of:
 - (i) the date on which the Conversion Shares Offer Period expires or is terminated; and
 - (ii) the date on which the relevant Conversion Shares Settlement Notice has been so received by the Conversion Shares Depository or its designated agent; and
- (c) with respect to any Security in relation to which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depository or its designated agent on or before the Notice Cut-off Date, the date on which the Conversion Shares Depository delivers the relevant Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the relevant holder of a Security;

Share Delivery Date means, following the occurrence of a Conversion Trigger Event, the date on which the Issuer delivers the Conversion Shares to the Conversion Shares Depository in accordance with these Conditions which date is expected to be no more than fifteen (15) Business Days following the Conversion Date and which will be notified to holders of the Securities in the Conversion Trigger Notice;

Shareholders means the holders of Ordinary Shares;

Solvency Capital Requirement means any of the Solvency Capital Requirement of the Issuer or the Solvency Capital Requirement of the Group (as applicable) referred to in, or any other capital requirement relating to the Issuer or the Group (other than the Minimum Capital Requirement) howsoever described in, the Relevant Rules from time to time;

Solvency Condition has the meaning set forth in Condition 4.1 (*Solvency Condition*);

Solvency II means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation, implementing technical standards or by further directives, guidelines published by the European Insurance and Occupational Pensions Authority (or any successor entity) or

otherwise) including, without limitation, the Solvency II Regulations;

Solvency II Directive means Directive 2009/138/EC of the European Union of 25 November, 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

Solvency II Regulations means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II);

Solvent Insurer Liquidation means a liquidation of any Group Insurance Undertaking where the Issuer has determined, acting reasonably, that all Policyholder Claims of such Group Insurance Undertaking will be met;

Spin-Off means (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or (b) any issue, transfer or delivery of any property or assets (including cash or shares or other securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class, pursuant to any arrangements with the Issuer;

Spin-Off Securities means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer;

Subsidiary means each subsidiary within the meaning of Dutch law (currently defined in Section 2:24a of the Dutch Civil Code) of the Issuer;

TARGET Business Day means a day on which the TARGET System is operating;

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

Tax Deductibility Event has the meaning given to such term in Condition 8.8 (*Redemption following a Tax Deductibility Event*);

Taxes has the meaning given to such term in Condition 10.1 (*Payment without withholding*);

Tier 1 Capital has the meaning given to such term by the Relevant Rules from time to time;

Tier 2 Capital has the meaning given to such term by the Relevant Rules from time to time;

Tier 3 Capital has the meaning given to such term by the Relevant Rules from time to time;

Tier 1 Own Funds means subordinated Securities, ordinary shares or any other share capital of any class which constitute Tier 1 Capital for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis;

Transfer Agent has the meaning give in the preamble to these Conditions; and

Volume Weighted Average Price means, in respect of an Ordinary Share or Relevant Security,

options, warrants or other rights on any Dealing Day, the order book volume-weighted average price of such Ordinary Share or Relevant Security on the Relevant Stock Exchange in respect thereof as published by or derived from Bloomberg page HP (or any successor page) (using the setting “Weighted Average Line” or any successor setting) in respect of such Ordinary Shares, options, warrants or other rights for the Relevant Stock Exchange in respect thereof on such Dealing Day (and for the avoidance of doubt such page for an Ordinary Share as at the Issue Date is ASRNL NA Equity HP), or, if such price is not available from Bloomberg as aforesaid, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Adviser on such Dealing Day, provided that if on any such Dealing Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Relevant Security, option, warrant or other right, as the case may be, in respect of such Dealing Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined or determined as an Independent Adviser might otherwise determine in good faith to be appropriate.

18. FURTHER ISSUES AND CONSOLIDATION

The Issuer may from time to time without the consent of the holders of the Securities create and issue further securities, having terms and conditions the same as those of the Securities, 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 Securities. The Securities may also be consolidated and form a single series with other securities that the Issuer has issued, having terms and conditions the same as those of the Securities, or the same except for the amounts of the payments of interest already made.

19. FUNGIBILITY WITH THE 2017 SECURITIES

Subject to the fulfilment of the Fungibility Conditions, the Securities may without the consent of the holders of the Securities be consolidated and form a single series with the 2017 Securities. The fulfilment of the Fungibility Conditions and the Fungibility Date shall be notified to the holders of the Securities in accordance with Condition 13 (*Notices*) as soon as practicable after fulfilment of the Fungibility Conditions.

In addition to the rights of the Issuer and the Fiscal Agent as described in Condition 15.2 (*Modification, waiver, authorisation and determination*), the Agency Agreement and the Conditions may be amended or, in the case of the Agency Agreement, be replaced and/or terminated by the Issuer and the Fiscal Agent, without the consent of any Paying Agent or holder of a Security where such modification is required in order for the Securities to be consolidated and form a single series with the 2017 Securities. Any amendment to these Conditions is subject to the Issuer obtaining the prior written permission of the Relevant Supervisory Authority therefor. A certificate signed by two (2) Directors confirming the requirements set out above are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Fiscal Agent, the holders of the Securities and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Fiscal Agent shall be entitled to rely on such certificate without liability to any person.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee (the **Registered Holder**) for the Common Depositary for Euroclear and Clearstream, Luxembourg and may be delivered on or prior to the original issue date of the Securities.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Securities equal to the nominal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an **Alternative Clearing System**) as the holder of a Security represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Securities for so long as the Securities are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

Exchange

The following will apply in respect of transfers of Securities held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Securities represented by the Global Certificate pursuant to Condition 2.1 (*Transfers*) may only be made in part:

- (i) if the relevant 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) upon or following any failure to pay principal in respect of any Securities when it is due and payable; or

with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Amendment to Conditions

The Global Certificate contains provisions that apply to the Securities that it represents, some of which modify the effect of the Conditions set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

All payments in respect of Securities represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where **Clearing System Business Day** means Monday to Friday inclusive except 25 December and 1 January.

Notices

Until such time as any definitive Certificates are issued, there may (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit), so long as the Global Certificate is held in its entirety on behalf of Euroclear or Clearstream, Luxembourg, be substituted for publication in some or all of the newspapers referred to in Condition 13, the delivery of the relevant notice to Euroclear or Clearstream, Luxembourg for communication by it to the Securityholders, provided that for so long as any Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will also be published in the manner required by those rules. Any such notice shall be deemed to have been given to the Securityholders on the day on which the said notice was received by Euroclear or Clearstream, Luxembourg.

Meetings

For the purposes of any meeting of holders of the Securities, the holder of the Securities represented by the Global Certificate shall be treated as being entitled to one vote in respect of each EUR1,000 in principal amount of the Securities.

Electronic Consent and Written Resolution

While any Global Certificate is registered in the name of any nominee for a clearing system, then:

- (i) 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 Securities 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 holders of the Securities duly convened and held, and shall be binding on all holders of the Securities whether or not they participated in such Electronic Consent; and
- (ii) 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 (a) accountholders in the clearing system with entitlements to such Global Certificate or (b) 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 has 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 holders of the Securities, 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 Securities. 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 Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Securities 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.

Conversion

Any Conversion of Securities held in Euroclear or Clearstream, Luxembourg will be effected in accordance with the relevant procedures of Euroclear, Clearstream, Luxembourg and Euroclear Netherlands.

In the case of Securities represented by a Global Certificate, any Conversion Shares Settlement Notice delivered prior to the day following the Suspension Date shall be void.

For the purposes of this provision, “Suspension Date” shall mean a date specified by the Issuer in the Conversion Trigger Notice or the Conversion Shares Offer Notice (and any notice of termination of the Conversion Shares Offer), as the case may be, as being the date on which Euroclear or Clearstream, Luxembourg shall suspend all clearance and settlement of transactions in the Securities in accordance with its rules and procedures which date shall, in the case of a Conversion Shares Offer, be as proximate to the end of the Conversion Shares Offer Period as is reasonably practicable in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg.

The number of Ordinary Shares to be issued and delivered by the Issuer to the Conversion Shares Depository on the Share Delivery Date shall be calculated by the Conversion Calculation Agent on the basis of the aggregate principal amount of the Securities so converted.

USE OF PROCEEDS

The net proceeds of the issue of the Securities will be used for general corporate purposes of the Group (which may include, without limitation, the refinancing of existing debt).

DESCRIPTION OF THE ISSUER

ASR NEDERLAND N.V.

General

ASR Nederland N.V. (the **Company**, and together with its consolidated subsidiaries, the **Group**) is a public limited liability company (*naamloze vennootschap*) incorporated and existing under Dutch law by a notarial deed dated 4 November 1971. The Company has its corporate seat in Utrecht, the Netherlands and its registered office is at Archimedeslaan 10, 3584 BA Utrecht, the Netherlands with the following telephone number: +31 (0)30 2579111. The Company is registered in the Dutch Trade Register of the Chamber of Commerce (*Kamer van Koophandel*) under number 30070695. The Group has registered, amongst others, the following commercial names: a.s.r., De Amersfoortse Verzekeringen and Ditzo as well as niche brands such as Europeesche Verzekeringen, Loyalis and Ardanta.

Corporate Purpose

Pursuant to Article 3 of the Company's articles of association (the **Articles of Association**), the corporate objects of the Company are (i) to participate in, to finance, to collaborate with, to control or conduct the management of, or to advise or provide other services to entities or other enterprises, in particular entities and other enterprises operating in the insurance industry, the credit industry, investments and/or other forms of financial services; (ii) to furnish guarantees, to provide security, to warrant performance in any other way and to assume liability, whether jointly and severally or otherwise, in respect of obligations of Group companies or other parties; and (iii) to do anything which, in the widest sense, is connected with or may be conducive to the objects described above.

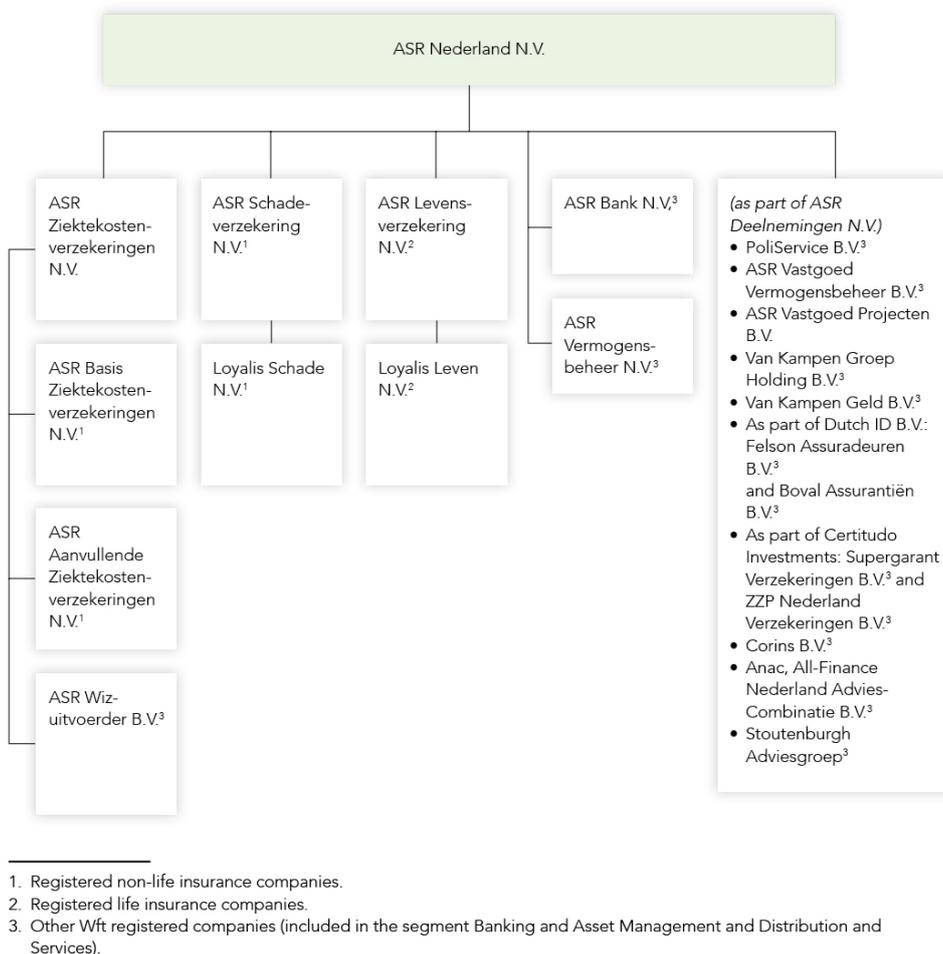
History of the Company

The Company's roots go back to 1720 with the foundation of 'N.V. Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam anno 1720', which – on 21 June 1720 – became the first listed insurance company in the Netherlands. The company similar to its present form was created in 2000 through the acquisition of ASR Verzekeringsgroep by Fortis. In October 2005, the brands AMEV, Stad Rotterdam and Woudsend Verzekeringen were replaced by Fortis ASR. In the same month, the name of the insurance group was changed to Fortis Verzekeringen Nederland. In 2008, the Company was nationalised after the collapse of Fortis. In March 2009, the new name ASR Nederland N.V. (a.s.r.) was introduced. a.s.r is listed on Euronext Amsterdam since 10 June 2016.

Group Structure

The legal structure of the most significant Dutch Financial Supervision Act (*Wet op het financieel toezicht*, **FSA**) registered group entities as at 30 June 2019 is as follows:

Legal structure of the most significant a.s.r. group entities as per 30 June 2019



The Group's Non-life insurance companies are qualified as insurance companies within the meaning of EU Directive 73/239/EC, as amended, for the non-life insurance business. The Group's Life insurance company is qualified as an insurance company within the meaning of EU Directive 2002/83/EC for the life insurance business.

The Group is under the supervision of various regulatory authorities including the European Central Bank (**ECB**), the Dutch Central Bank (*De Nederlandsche Bank N.V.*, **DNB**), the AFM, the Dutch Authority for Consumers and Markets (*Autoriteit Consument en Markt*, **ACM**), the Dutch Authority of Personal Data (**Autoriteit Persoonsgegevens**) and the Dutch Healthcare Authority (*Nederlandse Zorgautoriteit*, **NZa**). In addition, the European Supervisory Authorities including the European Banking Authority (**EBA**), ESMA and EIOPA may exercise direct supervision over the Group.

The Group's insurance companies are authorised by DNB to pursue the business of an insurance company in the Netherlands in accordance with the FSA, and are also supervised by DNB. In addition,

these insurance companies are supervised by the AFM for the purpose of conduct of business supervision.

Business Overview

The Group is the third largest Non-life (excluding health insurance) and the third² largest Life insurance provider in the Netherlands, as measured by gross written premium (**GWP**) in 2018 (*source: DNB*). The Group plans to continue to focus its insurance business on, in respect of its Non-life activities, P&C, Disability and Health insurance and related services and, in respect of its Life activities, Pensions, Individual life and Funeral insurance and related services, as well as the distribution of insurance products. The Group also offers certain banking and investment products and asset management services. Except for servicing a small Belgian funeral insurance portfolio, the Group operates exclusively in the Dutch market.

In the first half of 2019, the Group recorded GWP of €2,576 million which is a growth of 3% compared to the first half of 2018.

The operations of the Group have been divided into six operating segments. The main segments are the Non-life segment and Life segment in which all insurance activities are presented. The other activities are presented as four separate segments being the Banking and Asset Management, Distribution and Services, Holding and Other and Real Estate Development. In the past, the Group's business mix shifted from being predominantly a Life-dominated business to having a greater focus on its Non-life business as measured in terms of GWP. Life GWP in the first half of 2019 was 32% of the Group's GWP.

Non-life: The Non-life segment is the Group's largest segment measured by GWP and comprises all types of Non-life insurance policies offered by the Group, which are organised into three insurance product lines: P&C, Disability and Health. The Group was the third largest provider of P&C, the second largest provider of Disability and the eighth largest provider of Health insurance products in the Netherlands in 2018 measured by GWP (*source: DNB*). In the first half of 2019, the Non-life segment accounted for approximately 27% of the Group's operating result (before tax) and recorded €1,791 million in GWP, representing 68% of the Group's GWP. As at 30 June 2019, shareholders' equity of the Non-life segment amounted to €1,901 million.

Life: The Life segment comprises three insurance product lines: Pensions, Individual life and Funeral. The Group was the third largest provider of Life insurance policies in 2018 (*source: DNB*). In the first half of 2019, the Life segment accounted for approximately 80% of the Group's operating result (before tax). The Life segment recorded €849 million GWP, representing 32% of the Group's GWP, and €40million of new business measured by annual premium equivalent³ (**APE**) in the first half of 2019. As at 30 June 2019, shareholders' equity of the Life segment amounted to €5,081 million.

Asset Management: The Asset Management segment comprises investment services provided by the Group's asset management and real estate asset management businesses, as well as mortgage lending services provided to retail customers as part of the asset management services of the Group. The mortgage lending activities are originated by ASR Levensverzekering N.V. (the Life segment), but serviced by ASR Hypotheken B.V., which is part of the Asset Management segment. The Banking and Asset Management segment is a relatively small part of the Group. In the first half of 2019, it accounted

² The Company is presented including the acquisition of Loyalis N.V. (see "*Recent developments*"), VvAA Levensverzekeringen N.V. and Veherex.

³ Annual premium equivalent (APE) is the sum of the initial premium on new recurring premium policies, plus one-tenth of premiums on new single premium policies. This is the premium basis used to compute Life new business value.

for approximately 2% of the Group's operating result (before tax). As at 30 June 2019, assets under management for third parties amounted to €19.3 billion for ASR Vermogensbeheer N.V. (asset management) and a.s.r. real estate jointly. The ASR Hypotheekfonds (mortgages fund) has approximately €2.8 billion of committed external assets under management. As at 30 June 2019, shareholders' equity of the Asset Management segment amounted to €118 million. As of October 2018, all activities of ASR Bank N.V are classified as discontinued. The Company announced on 21 March 2019 that it has entered into a sales and purchase agreement with Achmea Bank N.V. regarding the sale of the majority of the savings portfolio of ASR Bank N.V., consisting of 1.7 billion and approximately 125,000 customers, and an asset portfolio consisting of mortgages with a volume of €1.5 billion. The effectuation of this sale is amongst others dependent on the receipt of a declaration of no objection from the relevant regulators by the buyer. Effectuation of the sale is expected to take place in the second half of 2019.

Distribution and Services: The Distribution and Services segment of the Group comprises the operations involving the distribution of insurance products as well as additional services provided to intermediaries and policyholders, including outsourced services such as the provision of certain back-office functions. The Group believes that these services are synergistic to its Non-life insurance activities. The Distribution and Services segment accounted for approximately 2% of the Group's operating result (before tax) in the first half of 2019. As at 30 June 2019, the shareholders' equity of the Distribution and Services segment amounted to €183 million.

Holding and Other: The activities of the Holding and Other segment consist primarily of the holding activities of the Group (including audit, group finance, group risk management, group balance sheet management, corporate communication and marketing) and other holding and intermediate holding companies, minority stakes in other businesses, as well as of certain pension obligations towards the Group's employees, though most pension related costs are allocated to the relevant business segment. In addition, the Holding and Other segment serves as the employer for the Group's employees, but employment related costs, other than for employees that perform primarily holding-related activities, are generally allocated and charged to the relevant businesses. A portion of the costs incurred by the Holding and Other segment are recharged to the relevant segments, in proportion to where employees perform services or where activities are performed. The Holding and Other segment is a cost centre and its negative contribution to the Group's operating result (before tax) in the first half of 2019 amounted to a loss of €53 million. As at 30 June 2019, equity attributable to holders of equity instruments of the Holding and Other segment amounted to €1,412 million negative.

Real Estate Development: As of 2019, the Real Estate Development business is no longer a separate segment but is reported within the segment Holding and Other. The comparative figures have been restated accordingly. The Real Estate Development business decreased substantially over 2018 and is no longer considered part of the a.s.r.'s core strategy.

Brand and Distribution Policy

In order to position itself effectively in different customer segments of the Dutch insurance market, the Group uses a hybrid, multi-brand distribution strategy and offers its products directly through the labels a.s.r., De Amersfoortse and Ditzo and through many intermediaries. The majority of the Group's insurance products are distributed via the intermediary channel. Ditzo is the Group's online brand.

The Group uses a multi-brand model that is designed to target different market segments and comprises three core brands: a.s.r., De Amersfoortse and Ditzo, as well as three niche brands: Europeesche

Verzekeringen, Loyalis and Ardanta. The Group's current brands and distribution policy include the following:

a.s.r.: Under the a.s.r. brand, the Group offers products for P&C (all customers segments), Pensions (defined benefits **(DB)** products and defined contribution **(DC)** pension insurance for the commercial market), Individual life (term life and annuity) and banking products (mortgages and investments) for retail clients. The a.s.r. branded products are distributed via the intermediary channel (e.g. P&C, mortgages and DB pension products), as well as online (e.g. term life, savings and individual annuity). In addition, mandated brokers, aggregators and service providers can sell a.s.r.'s Non-life products under their own brand names. The a.s.r. brand targets retail and commercial (primarily SME) customers;

De Amersfoortse: Under De Amersfoortse brand, the Group offers occupational Disability and Health insurance, mainly aimed at the commercial market. De Amersfoortse products and services are sold primarily through intermediaries;

Ditzo: Ditzo is the Group's online brand, focusing on P&C and health products for retail clients. Ditzo-branded products are sold online via its own websites and aggregator websites;

Loyalis: Since the acquisition of Loyalis has been completed in 2019 the Non-life segment also makes use of the Loyalis brand for new production of disability insurance products, besides the Amersfoortse brand. It will continue to operate from its current location in Heerlen; and

Ardanta: Ardanta is the Group's Funeral insurance brand. Most of Ardanta's funeral insurance policies have historically been sold via the intermediary channel. Currently, Ardanta utilises a multi-channel distribution strategy by offering its products through intermediaries, direct sales and online. The Ardanta brand targets retail customers.

Strategic Objectives

On 10 October 2018, the Group presented the strategic priorities and the targets for the group for the period 2019 – 2021, the medium term targets. Those targets are building on the strong performance and value creation in recent years and the confidence management has in its strategy going forward. The strategy to deliver on these ambitious targets is founded on three pillars. First is the commitment to maintain financially disciplined; the Company will continue to focus on value-over-volume as its overarching strategic principle. Second is to optimise value creation from existing businesses and the third is the pursuit of profitable growth in selective areas.

The Group's overall mission is to offer transparent insurance solutions as a trusted and reliable partner for its customers while creating sustainable value for its stakeholders. As part of its mission, the Group has identified the following key roles that it intends to play:

An insurer for customers: the Group is deeply rooted in Dutch society and is committed to understanding its customers' needs. It aims to offer its customers peace of mind by offering insurance and wealth accumulation products designed to secure its customers' financial stability and to protect customers from risks they are unwilling or unable to bear themselves. The Group considers its customers' trust essential to its business and values the strength of independent advice, which is reflected in the strong position of the Group in the intermediary channel.

A financial institution: the Group aims to be a financially reliable and stable institution with a solvency position strong enough to fulfil its long term obligations and commitments to all its stakeholders. The Group believes that a solid financial position will enable it to meet both its short- and long-term

obligations to customers and shareholders. The Group believes that its ‘value over volume’ philosophy will help secure long-term value creation.

A people-focused employer: the Group aims to employ highly skilled employees, and to attract and retain talented individuals. The Group strives to offer its employees a stimulating and inspiring work environment and enable them to develop, broaden and expand their skills. As a people-focused employer, the Group aims to offer a highly adaptable and flexible structure.

Being a part of society: the Group feels responsible to society at large and its customers in general and towards vulnerable groups in particular. The Group strives to apply its views on social responsibility in its HR policy, its investment policy, its working environment and its environmental policy.

The Group’s strategy is based on four pillars: (i) meeting customers’ needs, (ii) excellence in pricing, underwriting and claims management, (iii) cost effectiveness, and (iv) a solid financial framework. The Group strives to execute these four strategic pillars within all of the Group’s segments.

Meeting customers’ needs

The Group offers its customers simple, transparent products that aim to fulfil their needs. The Group’s employees are driven to help customers whenever possible, and communicate with them in clear and easy-to-understand language. The Group focuses on retail customers, self-employed individuals and SMEs.

The Group strives continuously to improve its services to customers and the intermediaries that advise them. Customer and intermediary satisfaction levels are closely monitored through the measurement of closed loop feedback, such as the net promoter score (NPS). The Executive Board of the Company is responsible for the performance related to customer and intermediary satisfaction and customer services.

The Group stays in close contact with its customers and monitors any changes in customers’ needs. The Executive Board of the Company uses the product approval and review process to discuss cross-functional proposals for new products and improvements to existing products.

The Group applies a multi-brand distribution strategy to deliver products and services via its customers’ channel of choice. The Group’s key distribution channels are the intermediary channel (independent advisors) and the direct channel, as well as online. For many years now, the intermediary channel has proven invaluable and the Group believes that this channel provides customers with the opportunity to seek appropriate advice and to select the products that suit them best.

Through the enhanced decentralization of distribution, product marketing and IT, the Group aims to further simplify its organizational structure, so it can remain agile and responsive to changes in market trends and customer behaviour and needs.

Excellence in pricing, underwriting and claims management

The Group’s insurance expertise has resulted in a strong combined ratio in the Non-life segment for many years. For both Non-life and Life the Group applies a value over volume strategy which means that new production has to add value to the business as a whole if and when written. To further enhance its competitiveness, the Group continues to invest in hiring senior insurance specialists and expanding its underwriting capabilities and expertise.

Cost effectiveness

Cost competitiveness is a key factor for commercial success, as well as bottom-line performance. Cost awareness has been embedded throughout the organization and its daily operations and has become an integral part of the Group's culture.

The Group continuously focuses on costs and aims to lower its operating expenses over the coming years. End-to-end responsibility in the various business segments, fewer management layers and decentralization of certain functions, such as distribution, product marketing and IT, are instrumental in maintaining cost effectiveness.

Furthermore, the Group has successfully made parts of its cost base more flexible. In order to achieve this goal, the Group outsources certain activities to third parties with the required expertise, enabling the company to achieve cost benefits or efficiencies of scale. Examples of this are software-as-a-service (SaaS) solutions in Individual life, Pensions and Health; IT outsourcing (ITO) for Individual life and business process outsourcing (BPO) for part of the portfolio for Individual life and Pensions. The Group does not outsource any of its activities that it considers essential to its insurance operations and that give the Group its unique competitive position. These include pricing, underwriting, asset management and claims management (including medical advisors and personal injury claims) services.

The Group will also continue to work on simplifying and rationalizing its existing product portfolio. The Group seeks to minimise the number of back-office systems in all its business lines.

Solid financial framework

The Group's objective is to post robust, high-quality earnings and achieve strong capital generation backed by a solid financial framework. This will enable the Group to deliver on its promises, to provide customers with the financial protection they expect and to secure the payment of attractive dividends in the interest of its shareholders and debt investors. Due consideration of the Group's risk appetite is a key factor in executive and senior management decisions. The Group intends to maintain its capacity to distribute dividends in the coming years through strong capital generation, while maintaining a robust solvency position and retaining an adequate level of cash. The Executive Board of the Company considers the relative ranking of the Ordinary Shares and restricted tier 1 securities in the capital structure whenever exercising its discretion as to whether or not to declare dividends or pay interest. The Executive Board of the Company may depart from this approach at its sole discretion.

The Group has a conservative risk profile and has set minimum solvency levels designed to absorb potential losses and to maintain financial robustness while optimizing its capital position within the parameters set by the regulator.

Portfolio and execution of strategy

Given the profit contribution and growth outlook of the businesses, the Group divides its portfolio into four categories:

- i. Activities that provide stable cash flows and generate value with relatively strong growth potential;
- ii. Activities that offer business enhancement opportunities, typically capital-light;
- iii. Businesses that represent robust and predictable back books and contribute to current profits;

iv. Non-core activities which will eventually be divested.

Business domains in Non-life with growth potential focus on non-life insurance. Within the non-life domains, the Company focusses on continued growth of P&C insurance and disability insurance, both organically and inorganically. Selected distribution and service companies have been acquired in recent years to facilitate this growth and to enable the Company to become even more service-orientated. The Company's knowledge of the end-customer has increased as a result. The Company believes this is key to adapt to all the trends that are stated above.

The basis for creating value and growing profitably in P&C lies in the following unique selling points:

- the Company's insurance craftsmanship, by which the Company means its underwriting skills – risk selection and pricing, claims management and cost-effective operations;
- the Company's leading position in the intermediary channel and with in-house distributors;
- the Company's know-how in maintaining a superior combined ratio (COR) while growing organically;
- the Company's know-how in integrating and optimising the portfolios it has acquired. The Company's IT systems and platforms can onboard more business.

Within P&C the Company can continue to grow organically by gaining market share at the targeted COR and, where available, by adding books of business without increasing operational expenses, consequently benefiting from economies of scale. The marginal costs of new business are low. The distribution partners in the portfolio can facilitate this growth.

The Company is well equipped to benefit from the macro trends in Disability that are driving demands for services surrounding sustainable employability. The Company owns an evolving disability platform which comprises distributors, added services to assist employees and a growing cohort of self-employed people, claims prevention services, disability treatment and reintegration services, access to the APG portfolio via Loyalis. The Disability growth opportunity is that the Company serves customers throughout the value chain. The Company is consequently able to use these data to improve customer services and grow profitably in every single part of this value chain and in its underwriting performance. The recent acquisition of Loyalis fits perfectly into this strategic position.

The Group also has robust and predictable life insurance service books. Life premiums account for less than 35% of total premiums, but the existing books' contribution to the operating result and capital generation is expected to remain substantial in the medium-term/long-term. The robustly capitalised books that the Company manages as service books are traditional DB pensions, individual life and a large funeral book. Those books are not closed for new business like the Company's funeral book. However, production has reduced over time due to amongst other things, the low interest rate environment and the ban on commissions. The Company's profitability in this segment finds its origin in effective and simplified processes based on low and variable costs, an excellent migration and conversion of books of business and an optimisation of Solvency II capital and investment returns. The growth opportunities within the life insurance services books include a continuation of consolidation of funeral books and the pursuit of individual life consolidation as seen in the recent acquisition of Loyalis' life portfolio.

Related to asset management the Group identifies growth businesses. The growth of asset management and defined contribution pension business has been part of the Company's strategy. The Company has

been able to expand external assets under management efficiently and profitably. The foundation of its operations lies in multiple aspects, given that the Company has gained extensive experience and expertise in: liability-driven investment management solutions based on its own insurance liabilities, niche asset classes such as in Dutch mortgages, unique proposition in real estate, ESG-related asset management solutions and, more recently, capital light pension solutions which provide an opportunity to capture assets under management (AuM). The Company sees clear opportunities to continue to expand this segment. The Company pursues a 'buy and build' strategy to add scale and skills to its asset management business for external investors. The Company aims to capture assets in the changing pensions landscape in the Netherlands. The Company continues to leverage on its expertise in mortgages, LDI solutions and ESG asset management services. And it aims to continue to expand its real estate funds platform.

As set out above, the Company considers banking activities for consumers no longer a core activity and is held for sale. Real estate development has been classified as non-core for longer and has recently reduced in size substantially. A part of the initial Leidsche Rijn Centrum development continues to be part of the Company's investment portfolio as the last part of real estate development.

Medium term targets for 2019-2021 period

At its Capital Markets Day on 10 October 2018, the Company introduced targets for the 2019-2021 period. The targets can be divided into group financial targets, business financial targets and non-financial objectives, the latter reflecting the position the Company wants to take in society.

The Company has determined a set of ambitious group targets. Positioning itself for profitable growth. The Company will continue to run the company with a strong capital position and a Solvency II ratio safely above 160% (standard formula). This enables the Company to deploy capital for entrepreneurial purposes. The maximum level of financial leverage has been set at 35% to bring this ratio more in line with Dutch and international peers on an underlying basis. This adjustment also better reflects the IFRS methodology of shadow accounting that is applied by the Company and is consistent with the Company's unchanged S&P A (at least) rating target. Given the strong performance in recent years and the confidence the Company has in its business for the medium term, it has raised the target for operating return on equity (ROE) to the range of 12%-14% per annum. Organic capital creation (OCC) is a recently introduced target. The Company aims for OCC to rise from €372 million in 2018 to at least €430 million by 2021. This target is based on the Company's position as at 10 October 2018. As such, it excludes the impact from any future acquisition (including the acquisition of Loyalis, which was completed on 1 May 2019) and assumes the 2018 excess investment returns and increasing forward rates. The Company keeps its dividend policy unchanged as well as its objective of a stable to slightly growing dividend per share.

a.s.r has also updated its business financial targets. In P&C and Disability together, the Company aims to achieve a COR of 94%-96%. This range reflects the Company's leadership to manage these businesses profitably while remaining competitive. The range also allows the Company to absorb the normal level of calamities, such as major fires and heavy storms. The Company expects that in a year with a normal level of storms and large claims, it can deliver a COR of 96%. The Company decided to exclude Health from the target as the pricing and profitability of this product line is more prone to political scrutiny. At 99%, the target for Health stand-alone remains stable. Importantly, the COR target goes hand in hand with the Company's non-life growth target. It is the Company's ambition to grow organically by 3%-5% per annum (excl. Health) while remaining within the COR range stated. In pursuit of growth, the Company will not forfeit its core discipline of value over volume. The Company aims to keep its operating result in Life stable compared to 2017 levels. Although the Company expects to experience a

decline in the reserves, particularly in Individual life, it remains confident that, in terms of earnings, it will be able to maintain its operating result at the level of 2017 for the next three years. In addition, the Company aims to decrease the Life operation costs from 57 basis points (bps) on its reserves in 2017 to within the range of 45-55 bps on basic provision. The Company's fee generating businesses are growing in terms of absolute and relative contributions to operating results. The Company aims to achieve more than €40 million of operating result for the two segments of Distribution and Services and Asset Management, excluding banking activities. The Company expects to increase this number by 5% per annum thereafter.

The Company aspires to become increasingly relevant to customers and society and as such has identified a set of non-financial objectives which it also presented at its Capital Markets Day. In the first place, the Company measures how its customers experience its services via the NPS. In 2018, its customers gave the Company a NPS of 42 points, which is a strong performance. The ambition is to grow from this level to achieve at least a NPS score of 44 points by 2021. The second non-financial target relates to the Company's investment portfolio, specifically to measuring the carbon footprint and the level of impact investment it commits to for the next three years. The Company explores opportunities to further reduce the carbon footprint of its investment portfolio in line with the Paris Agreement on climate change. In addition, the Company measures and evaluates the results of its efforts, with the final goal of supporting the global energy transition. The Company already measures the carbon footprint for both sovereigns and corporates (equity and credits) for its own account. Real estate and mortgages are to be included. The objective is to regularly measure 95% of the Company's entire investment portfolio for own account and internally managed by 2021. In addition, the Company aims for a total amount of €1.2 billion in impact investing for own account by 2021. This can be done in line with the Company's return requirements.

Capital Position

Management

Overall capital management is administered at Group level. Capital generated by operating units and future capital releases will be allocated to profitable growth of new business or repatriated to shareholders, beyond the capital that is needed to sustain commercial capital levels at management's targets. The Group actively manages its in-force business, which is expected to result in substantial free capital generation over time. Additionally, business improvement and balance sheet restructuring should improve the capital generation capacity while advancing the risk profile of the company. The legal entities are capitalised separately, and excess capital over management's targets are intended to be upstreamed to the holding company on a 'when needed' basis by the holding company for covering external dividend, coupon payments, and holding costs, to the extent local regulations allow and within the internal risk appetite statement and the Capital and Dividend Policy. Nonetheless, the Company aims to maintain capital and liquidities at the level of the entities as much as possible.

Objectives

The Group is committed to maintain a strong capital position in order to be a robust insurer for its policyholders and other stakeholders. The objective is to maintain a solvency level that is within the limits defined in its risk appetite statements and its solvency targets. Sensitivities are periodically performed for principal risks and annual stress tests are performed to test the Group's robustness to withstand moderate to severe scenarios. An additional objective is to maintain a combination of a capital position and a risk profile that is at least in line with a single A S&P rating. Currently, the operating entities ASR Schadeverzekering N.V. and ASR Levensverzekering N.V. are both rated at single A with a

stable outlook by S&P. ASR Nederland N.V. is rated at BBB+, reflecting the structural subordination of holding company creditors to operating company policyholders.

The Group uses an ECAP model for the allocation of market risk budgets. This model applies a full look-through principle to the assets and the relevant risks.

Solvency II

The Group measures its risks based on the standard model as prescribed by the Solvency II regime and therefore the risk management framework and this chapter are fully in aligned with Solvency II. The Solvency Capital Requirement is determined as the change in own funds caused by a predetermined shock which is calibrated to a 1-in-200 year event. The bases for these calculations are the Solvency II technical provisions which are calculated as the sum of a best estimate and a risk margin.

The Solvency Capital Requirement (**SCR**) is reported on a quarterly basis and proxies are made on a monthly and weekly basis. The internal minimum solvency ratio for the Group as formulated in the risk appetite statement is 120%. The management target for the solvency ratio is above 160%. The solvency ratio stood at 191% at 30 June 2019, which was comfortably higher than the internal requirement of 120% and the management target of above 160%.

The key figures of the Groups EOF are presented below. These figures give a short overview of the composition of the Eligible Own Funds (**EOF**) from a tiering perspective to meet both the SCR and the MCR requirements.

EOF 30 June 2019	(in millions of EUR)
Tier 1 capital - unrestricted	5,505
Tier 1 capital - restricted	528
Tier 2 capital	1,514
Tier 3 capital	-0
EOF to meet SCR	7,547
Available headroom restricted Tier 1 capital	848
Available headroom Tier 2 + Tier 3 capital	462

The restricted Tier 1 capital and Tier 2 capital is composed of six hybrid loans per 30 June 2019.

Risk Management

Risk management is an integral part of the Group's daily business activities. a.s.r applies an integrated approach in managing risks, ensuring that its strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return, while ensuring that obligations towards our stakeholders are met. Risk management supports the Group in the identification, measurement and management of risks and monitors to ensure adequate and immediate actions are taken in the event of changes in the Group's risk profile.

The Group is exposed to the following types of risks: market risk, counterparty default risk, insurance risk, strategic risk and operational risk. The risk appetite is formulated at both Group and legal entity level and establishes a framework that supports an effective selection of risks.

The Group strives to find an optimal trade-off between risk and return, also known as value steering. Value steering is applied in decision-making throughout the entire product cycle: from product approval review process (**PARP**) to the payment of benefits and claims. At the more strategic level, decision-making takes place through balance sheet management. A robust solvency position takes precedence over profit, premium income and direct investment income. Risk tolerance levels and limits are captured in the financial risk appetite statements (**RAS**) and monitored by the Financial Risk Committee (**FRC**). The FRC evaluates financial risk positions against the RAS on a monthly basis. Where appropriate, further mitigating measures are taken. Decisions that may have significant impact are made by the Company's Risk Committee.

Material Contracts

Other than agreements entered into in the ordinary course of business, there are no agreements that have been entered into by any member of the Group within the two years immediately preceding the date of this Offering Circular which are material or which have been entered into by any member of the Group at any other time and which contain provisions under which any member of the Group has an obligation or entitlement that the Group considers material as of the date of this Offering Circular to the Group's ability to meet its obligations to the holders of the Securities in respect of the Securities and the acquisitions and disposals of or by any of the Company's direct or indirect subsidiaries which have taken place in the past two years.

Supervisory Board and Executive Board

The Company is a public company with limited liability under Dutch law. The Company has a two-tier board system; with a supervisory board of the Company (the **Supervisory Board**) and an Executive Board. The Company has been listed on Euronext Amsterdam since 10 June 2016. Prior to its listing, the Company applied the 'mitigated two-tier regime' (*gemitigeerd structuurregime*). The full two-tier regime (*volledige structuurregime*) has applied to the Company since the listing. The main consequence of application of the mandatory full two-tier regime lies in the authority to appoint and dismiss members of the Executive Board, which has now shifted from the general meeting of the Group (the **General Meeting**) to the Supervisory Board.

In 2016, the Company strengthened its corporate governance ahead of the IPO. The Articles of Association have been amended and the Supervisory Board Rules and Executive Board Rules have been updated. The Company has also adopted the Policy on fair disclosure and bilateral dialogue with shareholders. Furthermore, the Company has implemented a defence mechanism in the form of a preference shares foundation.

Members of the Executive Board

As at the date of this Offering Circular, the Executive Board is composed of the following two persons:

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

In 2018, Jos Baeten was responsible for Human Resources, Corporate Communications, Strategy, Risk management of the investment funds managed by ASR Vermogensbeheer N.V., Corporate Social Responsibility, Audit, Legal Affairs & Integrity.

On 1 February 2019, he became responsible for Human Resources, Corporate Communications, Legal Affairs & Integrity, Group Risk Management, Audit and Innovation & Digital.

Jos Baeten studied law at Erasmus University Rotterdam and began his career in 1980 when he joined Stad Rotterdam Verzekeringen N.V., one of the Company's main predecessors. In 2005, Jos Baeten was appointed Chairman of the Board of Directors of Fortis ASR Verzekeringsgroep N.V.

Jos Baeten was appointed as CEO of the Company on 26 January 2009. Current term of office: 2017 – 2020.

Jos Baeten is currently a member of the Executive Board of the Dutch Association of Insurers (*Verbond van Verzekeraars*). During 2018 Jos Baeten was the Chairman of the Supervisory Board of Stichting Theater Rotterdam until March 2019. He is member of the Supervisory Board of De Efteling B.V. And he is also a member of the General Administrative Board of VNO-NCW and a Board Member of Stichting Grote Ogen and Stichting Fietshelm is Hoofdzaak.

H.C. (Chris) Figeë (CFO)

In 2018, Chris Figeë was responsible for Group Accounting, Reporting & Control, Business Finance & Risk, Group Asset Management, Real Estate Investment Management, Real Estate Projects, Group Balance Sheet Management and Group Risk Management.

As of 1 February 2019, Chris Figeë is responsible for Finance, Group Accounting, Reporting & Control, Group Balance Sheet Management, Group Asset Management and a.s.r. real estate.

Chris Figeë has 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 Figeë began his career at Aegon N.V., where he held various positions, including that of Senior Portfolio Manager Fixed Income Aegon Life Insurance. Chris Figeë's last position at Achmea Holding B.V. was Director of Group Finance.

Chris Figeë was appointed as a member of the Executive Board on 1 May 2014. Current term of office: 2018 - 2022.

Chris Figeë is a member of the Board of Stichting DSI and a member of the Supervisory Board of Stichting Nederland Comité UNICEF. As of 31 January 2019, he is also a member of the Supervisory Board of Human Total Care.

On 29 May 2019, the nomination by the Supervisory Board of the Company of Ingrid de Graaf-de Swart as a member of the Executive Board has been announced. She will fill in the vacancy that was created through the introduction of the new management structure, announced 1 February 2019. The Dutch Central Bank has approved the appointment. The appointment will be submitted for discussion to the

extraordinary meeting of shareholders (EGM) to be held on 30 October 2019, after which the Supervisory Board intends to proceed with the appointment. The notice convening the EGM and the accompanying documents will be published on Tuesday 17 September 2019.

The Company's registered address, Archimedeslaan 10, 3584 BA Utrecht, the Netherlands, serves as the business address for all members of the Executive Board.

The Company is not aware of any potential conflicts between any duties of the members of the Executive Board and their private interests and/or other duties.

Business Executive Committee

As of 1 February 2019, the Company has changed its management structure. From this date, the Company's Executive Board consists of three members: the CEO, the CFO, and a newly to be appointed third member. In addition, a Business Executive Committee (BEC) is established which will consist of the members of the Executive Board, the Chief Risk Officer and the directors who represent a number of business areas. The following business lines are represented in the BEC: Service Books (Individual life & Funeral), Disability Insurance & Health Insurance, P&C, Mortgages, Pensions, Asset Management and Innovation and Digitalisation.

Members of the Supervisory Board

As at the date of this Offering Circular, the Supervisory Board is composed of the following persons:

- | | |
|------------------------|--|
| C. (Kick) van der Pol | Chairman of the Supervisory Board.

Member of the Selection & Appointment Committee and the Remuneration Committee.

Kick van der Pol serves as Chairman of the Board of Directors of Ortec Finance. He is also a member of the Supervisory Board of the Holding Nationale Goede Doelen Loterijen N.V. In the past, he served as Chairman of the Board of the Federation of Dutch Pension Funds, as Vice-Chairman of the Executive Board of Eureko/Achmea and as Chairman of the Executive Board of Interpolis.

First appointed on: 15 December 2008. Current term of office: 2014 – 2018. (AGM 2019). Kick van der Pol has been asked to make himself available for a special extension of his term by (a maximum of) two years. |
| C.H. (Cor) van den Bos | Vice-chair of the Supervisory Board. Chair of the Audit & Risk Committee.

Cor van den Bos served on the Executive Board of SNS REAAL N.V. until August 2008, where he was responsible for all insurance operations. He is Vice-Chairman and a non-executive member of the Board at the investment firm Kardan N.V.

First appointed on: 15 December 2008. Current term of office: 2015 – 2019 (AGM 2020). |

H.C. (Herman) Hintzen

Member of the Audit & Risk Committee

Herman Hintzen was Chairman Insurance EMEA at UBS Investment Bank, until January 2016. In the past, Herman Hintzen also acted as an adviser to the Executive Board at APG Asset Management and served as Managing Director in the Financial Institutions investment banking groups of Morgan Stanley, Credit Suisse and JP Morgan. Until 31 December 2018, he served as Chairman of the Board of Amlin International SE. Herman Hintzen is currently a non-executive Board member of VCM Holdings Ltd. and a non-executive Board member of TSC Power Ltd.

S. (Sonja) Barendregt

First appointed on: 1 January 2016. Current term of office: 2016 – 2020

Member of the Audit & Risk Committee

Sonja Barendregt was a partner at PwC, specialising in the financial services sector, until 1 July 2017. She was also chair of PwC's International Pension Group, a member of PwC's European Strategic Diversity Council, chair of the Pension Funds Industry Group, chair of the Investment Management Industry Group and a member of the European Investment Management Leadership Team. Sonja Barendregt has been a member of the Supervisory Board of Volksbank since 2017 and chair of the Audit Committee. She is also an accountancy examinations expert at the Erasmus School of Accounting & Assurance. In March 2018, Sonja Barendregt was appointed as a member of the Supervisory Board and chairperson of the Audit & Risk Committee of Robeco Institutional Asset Management B.V.

First appointed on: 31 May 2018. Current term of office: 2018 – 2022

On 23 August 2019, the Company announced the intention to nominate Gisella van Vollenhoven and Gerard van Olphen as members of the Supervisory Board of the Company at the EGM on 30 October 2019. The Dutch Central Bank has approved both appointments. Following their appointment by the EGM, both candidates will join the Supervisory Board on 30 October. Following the appointment of Gisella van Vollenhoven and Gerard van Olphen, the Supervisory Board will consist of six members.

During the AGM in 2020, Cor van den Bos will resign as supervisory director of a.s.r. in accordance with the retirement schedule. He has been a supervisory director since December 2008.

The Company's registered address, Archimedeslaan 10, 3584 BA Utrecht, the Netherlands, serves as the business address for all members of the Supervisory Board.

The Company is not aware of any potential conflicts between any duties of the members of the Supervisory Board and their private interests and/or other duties.

Board Practices of the Company

The Supervisory Board has established from among its members three committees: the Audit & Risk Committee, the Selection and Appointment Committee and the Remuneration Committee. The function of these committees is to prepare the discussion and decision-making of the Supervisory Board. The Supervisory Board does not have any additional permanent committees.

Litigation

General

The Group is involved in litigation proceedings in the Netherlands, involving claims by and against the Group which arise in the ordinary course of its business, including in connection with its activities as insurer, lender, investment manager, broker-dealer, underwriter, issuer of securities, investor and real estate developer and its position as employer and taxpayer. In certain of such proceedings, very large or indeterminate amounts are sought. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened litigation proceedings, the Group believes that some of the proceedings set out below may have, or have in the recent past had, a significant effect on the financial condition, profitability, prospects or reputation of certain Group companies or the Group as a whole.

Dutch Unit-Linked Products

Background

Since the end of 2006, individual unit-linked life insurance products (*beleggingsverzekeringen*) have received negative attention in the Dutch media, from the Dutch Parliament, the AFM, consumers and consumer protection organisations. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds. The criticism and scrutiny on unit-linked life insurance products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008, the Company reached an outline agreement with two main consumer protection organisations to offer compensation to unit-linked policyholders in case the cost charge and/or risk premium charge exceeds a defined maximum. A full agreement on implementation of the compensation scheme was reached in 2012. The total recognised cumulative financial costs relating to the compensation scheme for Individual life in the Company's income statement until 2018 was €1,030 million. This includes, amongst other things, compensation paid, amortisation of surrender penalties and costs relating to improved product offerings. The remaining provision in the balance sheet as at 31 December 2018 amounted to €42.3 million and is solely available to cover potential additional compensation (*schrijvende gevallen*) and costs relating to the compensation scheme. On the basis of this agreement, the Company offered consumers additional measures such as alternative products and less costly investment funds. In addition to the compensation scheme, the Company has implemented additional measures (*flankerend beleid*), including the ten best in class principles as formulated by the Dutch Minister of Finance. On 17 July 2015, the Dutch Ministry of Finance published an Order in Council (*Algemene Maatregel van Bestuur*), pursuant to which insurance companies can be sanctioned if they do not meet the compulsory targets set for approaching policyholders of unit-linked life insurances and prompting them to review their existing policies.

The agreement with the two consumer protection organisations and additional measures are not binding for policyholders. Consequently, neither the implementation of the compensation schemes nor the additional measures offered by the Company prevent individual policyholders from initiating legal proceedings against the and making claims for damages.

Legal proceedings

The Company is subject to a number of legal proceedings initiated by individual unit-linked policyholders, in most cases represented by claims organisations. While to date fewer than 15 cases are pending before Dutch courts and courts of appeal and fewer than 100 cases are pending before the Financial Services Complaints Board (**FSCB**) (the Dispute Committee as well as the Committee of Appeal of the FSCB), there is no assurance that further proceedings will not be brought against the Company in the future. Future legal proceedings regarding unit-linked life insurance policies might be brought upon the Company by consumers individually, by consumer organisations acting on their behalf or in the form of a collective action. Furthermore, there is an ongoing lobby by consumer protection organisations, to continuously gain media attention for unit-linked life insurance policies. These organisations argue, amongst other things, that consumers did not receive sufficient compensation based on the compensation scheme.

The Company is currently subject to two collective actions. In June 2016, Woekerpolis.nl initiated a collective action, requesting the district court Midden-Nederland to declare that the Company has sold products in the market which are defective in various respects (e.g. on transparency regarding cost charges and other product characteristics, and included risks for which the insurer failed to warn, such as considerable stock depreciations, the inability to realise the projected final policy value, unrealistic capital projections due to difference in geometric versus arithmetic returns and on general terms and conditions regarding costs that Woekerpolis.nl considers unfair). Also, in March 2017, the Consumentenbond started a collective action against the Company. This collective action is based on grounds similar to the collective procedure that was initiated by Woekerpolis.nl. In both collective procedures, the Company has rejected all the claims. The collective procedure of Consumentenbond is currently pending at the district court Midden-Nederland. In a decision of 6 February 2019 the district court Midden-Nederland rejected all claims of Woekerpolis.nl and concluded that the products sold by the Company cannot be considered as defective. Only with regard to the claim on administrative costs that are calculated under specific circumstances in a specific Spaarplan product, the district court decided this to be unlawful as no defence was put forward. Woekerpolis.nl has filed an appeal against the decision of the district court Midden-Nederland.

Risk profile and contingent liability unit-linked life insurance products

The prolonged political, regulatory and public attention focused on unit-linked life insurance policies continues. Elements of unit-linked life insurance policies of the Company are being challenged on multiple legal grounds in current, and may be challenged in future, legal proceedings. There is a risk that one or more of the current and/or future claims and/or allegations will succeed. To date, a number of rulings regarding unit-linked life insurance products in specific cases have been issued by the FSCB and courts (of appeal) in the Netherlands against the Company and other insurers. In these proceedings, different (legal) approaches have been taken to come to a ruling. The outcomes of these rulings are diverse. Because the book of policies of the Company dates back many years, contains of a variety of products with different features and conditions and because of the fact that rulings are diverse, no reliable estimation can be made regarding the timing and the outcome of the current and future legal proceedings brought against the Company and other insurance companies.

The total costs related to compensation for unit-linked insurance contracts as described above, have been fully recognized in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognised in the liabilities arising from insurance contracts and legal provisions. Although the financial consequences of the legal developments could be substantial, the Company's exposures cannot be reliably estimated or quantified at this point. If one or

more of these legal proceedings should succeed, there is a risk a ruling, although legally only binding for the parties that are involved in the procedure, could be applied to or be relevant for other unit-linked life insurance policies sold by the Company. Consequently, the financial consequences of any of the current and/or future legal proceedings brought upon the Company can be substantial for its Life insurance business and may have a material adverse effect on its financial position, business, reputation, revenues, results of operations, solvency, financial condition and prospects.

Recent Developments

Acquisition of Loyalis

On 1 May 2019, the Company and APG Groep N.V. completed the acquisition by the Company of all of the outstanding shares in Loyalis N.V. (**Loyalis**) and the assets and liabilities of Loyalis Sparen & Beleggen N.V. As of 1 August 2019, the legal merger of Loyalis N.V. with ASR Nederland N.V. was effective. It's the intention that the legal mergers of Loyalis Leven N.V. with ASR Levensverzekering N.V. and Loyalis Schade N.V. with ASR Schadeverzekering N.V. will be effective on 1 October 2019.

This acquisition further strengthens the Company's position in the Dutch insurance market. The acquisition ties in with the Company's strategy to grow organically and through targeted acquisitions. In 2018, Loyalis recorded € 287 million in gross written premiums and a net result of € 21 million. At the end of 2018, the solvency ratios for Loyalis Life and Loyalis Non-life stood at 176% and 180% (after dividend), respectively. At the end of 2018, Loyalis' equity amounted to € 445 million and the assets under management amounted to € 3.2 billion.

The acquisition price amounted to €450 million (net €436 million after correction of interest and leakage) and has been paid in cash upon the completion of the transaction in May 2019. The Company expects the total capital commitment (including the acquisition price) to amount to approximately €200 million. The difference reflects capital synergies with the Company, the starting capital position of the acquired legal entities and realizing cost synergies that are included in the best estimate of the liabilities. The Company expects that the contribution of Loyalis to the net operating result will amount to approximately €40 million, taking synergy benefits into consideration. Based on 30 June 2019 figures, the impact on the group Solvency II ratio of the transaction amounted to minus 7%, reflecting net acquisition price and capital synergies.

The Life operations of Loyalis will be fully integrated into the Company in a gradual process, which is expected to be completed by 2020 at the latest. The Non-life operations of Loyalis, primarily disability insurance, will remain at its current location in Heerlen and continue to make use of the Loyalis brand for its new production. The absenteeism portfolio of Loyalis will be managed as a closed book and future offering via a.s.r. brand.

Divestment of the majority of the Company's banking activities

On 21 March 2019, the Company and Achmea Bank N.V. (**Achmea**) have agreed that Achmea will acquire the majority of the assets and liabilities of ASR Bank N.V. The operations to be transferred consist of a liability portfolio with savings of €1.7 billion and approximately 125,000 customers, and an asset portfolio consisting of mortgages with a volume of €1.5 billion. This transaction is in line with the Company's presented strategy update on 10 October 2018, which states that a.s.r. bank is no longer classified as a core activity.

The transaction will not have a material impact on the Company. The contribution of a.s.r. bank to the operating result was €1 million in 2017. The termination of the banking operations is expected to have a

limited positive impact on the Solvency II ratio. The Company currently expects all banking operations to end in the first half of 2020.

The acquisition is subject to approval from the relevant regulatory authorities and the ACM following notification of the acquisition and completion of the advisory process with the works councils involved. The Company expects to finalize the transaction in the second half of 2019.

The Company issued a € 500 million subordinated 30NC10 Tier 2 bond

On 25 April 2019 the Company successfully launched and priced a € 500 million subordinated Tier 2 capital instrument. The bond was priced at 300 basis points over the 10 year mid-swap rate, with a fixed rate coupon of 3.375%. The bond has a scheduled maturity date at 2049 and is first callable on the date falling 3 months prior to the first reset date of 2 May 2029. These securities are classified as Tier 2 capital under the Solvency II regime. Based on 30 June 2019 figures, the pro forma impact on the group Solvency II ratio of the redemption of those securities amounts to plus 13 percentage points.

Remuneration of the Executive Board

For the AGM on 22 May 2019, a.s.r. has proposed to adjust the remuneration policy for the members of the Executive Board as of 1 January 2020. The most important elements for the proposal are:

- No introduction of a variable remuneration scheme for the Executive Board members.
- Introduction of salary scales for the Executive Board, in line with the other employees of a.s.r. In principle, the Executive Board members progress through the salary scales in the same way as the employees. For the employees, this concerns an annual increase of 3% (provided that there is scope for this in the scale). For the Executive Board members, the Supervisory Board has the option of adjusting this growth path slightly, upwardly or downwardly (increase of 0% to 6%).
- The a.s.r. collective bargaining agreement (CBA) applies to the members of the Executive Board in relation to pay indexation.
- The introduction of an adjusted reference group with purely Dutch financial and similar listed companies of a socially responsible character as far as possible, as one of the points for determination of the Executive Board salary scales.

Redemption of two perpetual capital securities

On 29 August 2019 the Company announced the redemption of the outstanding € 16,980,083 Fixed Rate Perpetual Capital Securities (ISIN: NL0009213552; Common Code: 043892037) on 30 September 2019 and of the € 192,463,955 Fixed-Floating Rate Perpetual Capital Securities (ISIN: 0009213545; Common Code: 043891944) on 26 October 2019 (together, the **Securities**). Both Securities will be redeemed in full at their principal amount together with any Outstanding Payments (as defined in the respective Conditions of the Securities) at their first call date in the Autumn this year. The redemptions will be paid from available funds.

Those securities are classified as Tier 1 capital under the Solvency II regime. Based on 30 June 2019 figures, the pro forma impact on the group Solvency II ratio of the redemption of those securities amounts to minus 5%.

Share Capital

The Securities are potentially convertible into Ordinary Shares of the Company. On the date hereof the Ordinary Shares are listed and the Securities would on a Conversion convert into those listed Ordinary

Shares. The trading market for the Company's Ordinary Shares is the regulated market of Euronext Amsterdam.

Euronext Amsterdam is the regulated market of Euronext in Amsterdam and a key element in the financial infrastructure in the Netherlands. Its roots stretch back to the early seventeenth century and its regulated market is regulated by the Dutch Minister of Finance. On 2 September 2019, the daily trading volume (in terms of value) of all order book trading on Euronext Amsterdam was € €16,054,780. Price and trading information is available on Euronext Amsterdam's website which is continually updated with a 15 minute time delay. The trading prices of the Ordinary Shares of the Company and daily trading volumes are published on Euronext Amsterdam's website and in Euronext Amsterdam's Daily Official List, as well as on the Company's website. The ISIN of the Ordinary Shares of the Company is NL0011872643.

On the date of this Offering Circular, the authorised share capital of the Company amounts to 350,000,000 Ordinary Shares and 350,000,000 preferred shares (**Preferred Shares**), each having a nominal value of EUR 0.16.

The issued share capital amounts to EUR 22,560,000.

As at April 2019 (being the latest practicable date prior to the publication of this Offering Circular), according to the publicly available Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) register, the following investors have a 3.0% or higher interest in the company: Amundi, Brightsphere, BlackRock, BNP Paribas, FMR, JPMorgan, NN Group, Norges, Standard Life Aberdeen and UBS Group.

Issue of Shares

The General Meeting may, at the proposal of the Executive Board with approval of the Supervisory Board, resolve to issue Ordinary Shares or Preferred Shares, to grant rights to subscribe for Ordinary Shares or Preferred Shares and to limit or exclude statutory pre-emption rights in relation to the issue of Ordinary Shares or the granting of rights to subscribe for Ordinary Shares, unless another body of the Company is authorised thereto pursuant to a resolution of the General Meeting. A resolution of the General Meeting to issue Ordinary Shares or Preferred Shares can only be adopted with an absolute majority. In order for a resolution of the General Meeting on an issuance or an authorisation (as further described below) to be valid, a prior or simultaneous approval is required from the meeting of holders of Ordinary Shares or the meeting of holders of Preferred Shares in case the rights of such class of shareholders are prejudiced by such issuance or authorisation.

The General Meeting may also authorise the Executive Board (or another body of the Company) to issue Ordinary Shares and/or Preferred Shares or grant rights to subscribe for Ordinary Shares and/or Preferred Shares for a specific period not exceeding five years. When granting such authorisation, the number of Ordinary Shares and/or Preferred Shares must be specified. The authorisation may be extended, in each case for a period not exceeding five years. Unless stipulated differently when granting the authorisation, the authorisation cannot be revoked. For as long as and to the extent that the Executive Board (or another body of the Company) has been authorised to resolve to issue Ordinary Shares and/or Preferred Shares, the General Meeting does not have this authority. The Company itself may not subscribe for Ordinary Shares and/or Preferred Shares.

On 22 May 2019, the General Meeting, at the proposal of the Executive Board, authorised the Executive Board to issue Ordinary Shares and to grants rights to subscribe for Ordinary Shares for a period of 18 months following 22 May 2019. Aforementioned authorisation of the Executive Board is limited to up to

a maximum of 10 per cent. of the Company's issued share capital (determined as at 22 May 2019) and may not be used to distribute dividends in the form of Ordinary Shares. Any resolution of the Executive Board to issue Ordinary Shares shall require prior approval of the Supervisory Board.

Pre-emption Rights

Upon an issuance of Ordinary Shares or a grant of rights to subscribe for Ordinary Shares, each holder of an Ordinary Share shall have a statutory pre-emption right in proportion to the aggregate nominal value of its Ordinary Shares. Preferred Shares do not carry statutory pre-emption rights. Furthermore, no statutory pre-emption right exists in respect of (i) Ordinary Shares that are issued for a consideration other than in cash, (ii) Ordinary Shares issued to employees of the Company or any company belonging to the Group or (iii) Ordinary Shares issued to persons exercising a previously granted right to subscribe for Ordinary Shares.

The General Meeting may, at the proposal of the Executive Board with approval of the Supervisory Board, resolve to limit or exclude statutory pre-emption rights, unless another body of the Company is authorised thereto pursuant to a resolution of the General Meeting. A resolution of the General Meeting to limit or exclude statutory pre-emption rights, or to grant an authorisation (as further described below), requires a majority of at least two-thirds of the votes cast if less than half of the issued capital is represented at the General Meeting.

The General Meeting may also authorise the Executive Board (or another body of the Company) to limit or exclude statutory pre-emption rights for a specific period not exceeding five years and only if the Executive Board has also been authorised or is simultaneously authorised to resolve to issue Ordinary Shares. The authorisation may be extended, in each case for a period not exceeding five years and only applies as long as the authorisation to issue Ordinary Shares is in force. Unless stipulated differently when granting the authorisation, the authorisation cannot be revoked. For as long as and to the extent that the Executive Board (or another body of the Company) has been authorised to limit or exclude statutory pre-emption rights, the General Meeting does not have this authority.

On 22 May 2019, the General Meeting designated the Executive Board as the body authorised, subject to the approval of the Supervisory Board, to limit or exclude statutory pre-emption rights in relation to an issuance of Ordinary Shares or the granting of rights to subscribe for Ordinary Shares for which issue or grant the Executive Board has been authorised (see "*Issue of Shares*" above), for a period of 18 months following 22 May 2019.

Capital Reduction

The General Meeting may, at the proposal of the Executive Board with approval of the Supervisory Board, reduce the Company's issued share capital by cancelling Ordinary Shares or Preferred Shares or by reducing the nominal value of Ordinary Shares or Preferred Shares by amending the Articles of Association. The resolution must designate the Ordinary Shares or Preferred Shares to which the resolution relates and it must provide for the implementation of the resolution. A resolution to cancel Ordinary Shares or Preferred Shares can only relate to (a) Ordinary Shares held by the Company itself; and (b) all Preferred Shares, with repayment of the amounts paid-up in respect thereof and provided that, to the extent allowed by the Articles of Association, a distribution is made on those Preferred Shares, immediately prior to such cancellation becoming effective, for an aggregate amount of (a) the total of all distributions on Preferred Shares (or parts thereof) in relation to financial years prior to the financial year in which the cancellation occurs, to the extent that these should have been distributed but not yet have been distributed; and (b) the distributions on Preferred Shares calculated in respect of the part of the

financial year in which the cancellation occurs, for the number of days that have elapsed during such part of the financial year.

If and when the Company has issued Preferred Shares the Company shall convene a General Meeting, to be held within twenty (20) months following such issuance, for purposes of resolving on the cancellation of all such Preferred Shares.

A capital reduction without repayment and without release from the obligation to pay up the Ordinary Shares or the Preferred Shares must take place proportionally on the Ordinary Shares or Preferred Shares, unless all holders of the Ordinary Shares or all holders of the Preferred Shares give their consent to deviate from this requirement. Partial repayment on Ordinary Shares or Preferred Shares or release from the obligation to make payments will only be possible when implementing a resolution to reduce the nominal value of the Ordinary Shares or Preferred Shares.

A resolution of the General Meeting to reduce the Company's issued share capital requires a majority of at least two-thirds of the votes cast if less than half of the issued capital is present or represented at the General Meeting. If such a resolution relates to Preferred Shares, it requires the prior or simultaneous approval of the meeting of holders of Preferred Shares. If such a resolution relates to Ordinary Shares, it only requires the prior or simultaneous approval of the meeting of holders of Ordinary Shares in case the rights of holders of Ordinary Shares are prejudiced by the capital reduction. The resolutions of the meetings of holders of Preferred Shares and holders of Ordinary Shares require a majority of at least two-thirds of the votes cast if less than half of the issued capital is present or represented at the relevant meeting.

Acquisition by the Company of its own Shares

The Company may acquire fully paid-up Ordinary Shares or Preferred Shares, provided that either no valuable consideration is given or (i) the distributable part of the shareholders' equity is at least equal to the aggregate acquisition price; (ii) the aggregate nominal value of the Ordinary Shares and/or Preferred Shares to be acquired, and of the Ordinary Shares and Preferred Shares already held or held in pledge by the Company and its subsidiaries, does not exceed 50 per cent. of the issued share capital; and (iii) the Executive Board has been authorised by the General Meeting to acquire its own Ordinary Shares and/or Preferred Shares, unless the Ordinary Shares are acquired in order to transfer them to employees of the Company or of a company belonging to the Group pursuant to an arrangement applicable to these employees.

The above-mentioned authorisation remains valid for no longer than 18 months. When granting such authorisation, the General Meeting must determine the number of Ordinary Shares and/or Preferred Shares that may be acquired, how they may be acquired and within which range the acquisition price must be.

No distribution will be made to the Company in respect of Ordinary Shares or Preferred Shares held by it, and no votes may be cast at a General Meeting in respect of an Ordinary Share or Preferred Share held by the Company or a subsidiary of the Company. Usufructuaries and pledgees of Ordinary Shares or Preferred Shares held by the Company or a subsidiary of the Company are not, however, precluded from exercising their voting rights if the usufruct or pledge was created before ownership of the relevant Ordinary Shares or Preferred Share was transferred to the Company or a subsidiary of the Company. Neither the Company nor a subsidiary of the Company may vote on Ordinary Shares or Preferred Shares of the Company in respect of which it holds a usufruct or a pledge.

On 22 May 2019, the General Meeting, at the proposal of the Executive Board, authorised the Executive Board for a period of 18 months following 22 May 2019, subject to the approval of the Supervisory Board, to acquire fully paid-up Ordinary Shares (and depository receipts for such shares). The number of Ordinary Shares to be acquired by the Company under the authorisation is limited to 10 per cent. of the issued capital as at 22 May 2019. The Ordinary Shares may be acquired by any means, including through derivative products, purchases on a stock exchange, private purchases, block trades, or otherwise, for a price between the nominal value of the Shares concerned and 10% above an average closing price over a period of 5 days preceding the day of the acquisition of the Shares.

a.s.r. share plan for employees

On 16 July 2019, a.s.r. announced a share plan for employees. For this purpose a.s.r. repurchased 351,747 shares for an amount of €12,500,012.52. The repurchase transaction was executed between 17 and 25 July 2019. The share plan allows employees to enroll after the publication of every annual or interim result. The first opportunity for employees to enroll was on 23 August 2019.

Form and Transfer of Shares

All Ordinary Shares and Preferred Shares are in registered form (*op naam*). The Executive Board keeps a register at the Company's head office in Utrecht, the Netherlands, in which the names and addresses of shareholders are recorded, showing the date on which the Ordinary Shares and the Preferred Shares were acquired, the date of acknowledgement by or serving on the Company and the amount paid-up on each Ordinary Share or Preferred Share. In addition, each transfer or passing of ownership is registered in the shareholder's register. The register also includes the names and addresses of persons holding certain rights in rem (usufructuaries (*vruchtgebruikers*) and pledgees (*pandhouders*)) in respect of such shares.

If Ordinary Shares have been transferred to an intermediary or to the central institute within the meaning of the Dutch Giro Securities Act, the name and address of the intermediary or the central institute shall be entered in the Company's shareholders register, stating the date on which those Ordinary Shares became part of a collective deposit or the giro deposit, the date of acknowledgement by or giving of notice to as well as the paid-up amount on each Ordinary Share.

The transfer of an Ordinary Share or a Preferred Share requires a deed of transfer and, unless the Company itself is a party to the transaction, acknowledgment of the transfer by the Company in writing. A transfer of Preferred Shares requires the prior approval of the Executive Board, which approval in itself requires approval of the Supervisory Board.

The transfer of book-entry rights representing Ordinary Shares included in a collective deposit or a giro deposit are effected in accordance with the provisions of the Dutch Giro Securities Act. Save for limited exceptions, the Dutch Giro Securities Act excludes the transfer (*uitlevering*) of Ordinary Shares out of a collection deposit or giro deposit.

Dividends and other Distributions

General

The Company can only make distributions (of profits or from a reserve) to the shareholders to the extent the Company's equity exceeds the sum of the paid-up and called-up part of its capital and the reserves which it must maintain by Dutch law.

Right to Reserve

Without prejudice to the order of distribution, the Executive Board will determine, subject to Supervisory Board approval, which part of the remaining profits shall be added to the Company's reserves.

Dividend Entitlement Ordinary Shares and Preferred Shares

The profits shown in the Company's annual accounts in respect of a financial year are appropriated as follows, and in the following order of priority:

- (i) to the extent that any Preferred Shares have been cancelled without the payment described under "Capital Reduction" having been made in full on those Preferred Shares and without any such deficit subsequently having been paid in full as described in the Articles of Association, any such deficit will be paid to those who held those Preferred Shares immediately before such cancellation became effective;
- (ii) to the extent that any distribution on Preferred Shares (or part thereof) in relation to previous financial years has not yet been paid in full, any such deficit will be paid on the Preferred Shares;
- (iii) the distribution on Preferred Shares will be paid on the Preferred Shares in respect of the financial year to which the annual accounts pertain;
- (iv) the Executive Board will, subject to the approval of the Supervisory Board, determine which part of the remaining profits shall be added to the Company's reserves; and
- (v) any remaining profits will be at the disposal of the General Meeting for distribution to the holders of Ordinary Shares.

To the extent that distributions described under (i) through (iii) above (or any part thereof) cannot be paid out of the profits shown in the annual accounts, the deficit shall be paid out of the Company's reserves.

The distribution on Preferred Shares will be an amount equal to the mathematical average, calculated over the financial year (or the relevant part thereof) in respect of which a distribution is made on Preferred Shares, of the relevant EURIBOR, plus a margin not exceeding five hundred basis points to be determined by the Executive Board each time when, or before Preferred Shares are issued without Preferred Shares already forming part of the Company's issued share capital. If the relevant Preferred Shares are issued in the course of a financial year the distribution will be calculated as a proportion of the time lapsed.

Distributions on Ordinary Shares are made in proportion to the aggregate nominal value of those Ordinary Shares. Distributions on Preferred Shares shall be paid in proportion to the amounts paid-up on those Preferred Shares.

A distribution of profits can take place following the adoption of annual accounts of the Company confirming that distribution is permitted, taking into account all laws and regulations, including capital requirements.

Distributable Items

The Issuer's Distributable Items is an amount equal to (with respect to and as at any Interest Payment Date, without double-counting):

- (i) the retained earnings and the distributable reserves of the Issuer, calculated on an unconsolidated basis, as at the last calendar day of the then most recently ended financial year of the Issuer; plus
- (ii) the profit for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date; less
- (iii) the loss for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date,

each as defined under national law, or in the articles of association of the Issuer.

Capacity to make dividend payments

The Issuer's Distributable Items as of 31 December 2018 for the Issuer amount to EUR 2,936 million.

Distribution of Reserves

The General Meeting is, exclusively at the proposal of the Executive Board with the approval of the Supervisory Board and subject to Dutch law and the Articles of Association, authorised to resolve to make a distribution from the Company's reserves which do not need to be maintained pursuant to Dutch law. All reserves maintained by the Company shall be attached exclusively to the Ordinary Shares. The Company shall not attach any reserve to the Preferred Shares. A distribution from any such reserves shall be made exclusively to the holders of Ordinary Shares.

Interim Distributions

The Executive Board may resolve, subject to the approval of the Supervisory Board, and subject to Dutch law and the Articles of Association, to make interim distributions of profits, provided that it appears from interim accounts prepared in accordance with Section 2:105(4) Dutch Civil Code that the Company's equity exceeds the sum of the paid-up and called-up part of its capital and the reserves which it must maintain by Dutch law, and taking into account the order of priority described above.

Distribution in the Form of Shares

The General Meeting may, at the proposal of the Executive Board with the approval of the Supervisory Board, also resolve that all or part of such distribution, instead of being made in cash, shall be made in form of shares in the Company's capital or in the form of the Company's assets.

Dissolution and Liquidation

The Company may be dissolved by a resolution of the General Meeting, subject to a proposal by the Executive Board that has been approved by the Supervisory Board. A resolution of the General Meeting to dissolve the Company shall require a majority of at least two-thirds of the votes cast, representing more than half of the Company's issued share capital. In the event of the Company being dissolved, the

liquidation shall be effected by the Executive Board under the supervision of the Supervisory Board, unless the General Meeting decides otherwise. To the extent possible, the Articles of Association shall remain in effect during the liquidation.

To the extent that any assets remain after payment of all of the Company's debts, those assets shall be distributed as follows, and in the following order of priority:

- (i) the amounts paid-up on the Preferred Shares shall be repaid on those Preferred Shares;
- (ii) to the extent that any Preferred Shares have been cancelled without the relevant payment described under "Capital Reduction" having been made in full on those Preferred Shares and without any such deficit subsequently having been paid in full as described in the Articles of Association, any such deficit shall be paid to those who held those Preferred Shares immediately before such cancellation became effective;
- (iii) to the extent that any distribution on Preferred Shares (or part thereof) in relation to financial years prior to the financial year in which the distribution referred to under a. occurs has not yet been paid in full as described under "Dividends and other Distributions", any such deficit shall be paid on the Preferred Shares;
- (iv) the distribution on Preferred Shares shall be paid on the Preferred Shares calculated in respect of the part of the financial year in which the distribution referred to under a. occurs, for the number of days that have already elapsed during such part of the financial year; and
- (v) any remaining assets shall be distributed to the holders of Ordinary Shares.

General Meetings and Voting Rights

General Meetings

General Meetings must be held in Utrecht, Amsterdam, Rotterdam, or The Hague. The annual General Meeting must be held at least once a year, no later than in June. Extraordinary General Meetings shall be held whenever the Executive Board or Supervisory Board decides so, and within three months after the Executive Board has considered it to be likely that the Company's equity has decreased to an amount equal to or lower than half of its paid-up and called-up capital. In addition, one or more shareholders and others entitled to attend a General Meeting who collectively represent at least the percentage (currently 10 per cent.) of the Company's issued share capital as prescribed by law, may request the Executive Board and the Supervisory Board in writing to convene a General Meeting, setting out in detail the matters to be discussed. If neither the Executive Board nor the Supervisory Board (each in that case being equally authorised for this purpose) has taken the steps necessary to ensure that a General Meeting could be held within the relevant statutory period after the request, the requesting persons may be authorised, at his/her/ their request, by the court in preliminary relief proceedings to convene a General Meeting.

The convocation of the General Meeting must be published through an announcement by electronic means. In addition, shareholders may be convened by means of letters sent to the addresses of those shareholders as these are set out in the shareholders register. The convocation must take place by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days. However, the convocation of a General Meeting for purposes of passing a resolution to issue Ordinary Shares in connection with emergency measures shall take place no later than on the tenth day

prior to that of the General Meeting, provided that all relevant requirements set out in Section 2:115(3) Dutch Civil Code are met.

The convening notice must include, among other items, an agenda indicating the location and time of the meeting, the registration date, the manner in which persons entitled to attend the General Meeting can register and exercise their rights the time on which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained.

The agenda for the annual General Meeting must contain certain items, including, among other things, the adoption of the annual accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profit, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Executive Board, the Supervisory board or shareholders (with due observance of Dutch law as described below). If the agenda of the General Meeting contains the item of granting discharge to the members of the Managing Board and Supervisory Board concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as separate items for the Executive Board and the Supervisory Board respectively. The agenda shall also include such items as one or more shareholders and others entitled to attend a General Meeting, representing at least the percentage (currently 3%) of the Company's issued share capital, as required by law, have requested the Executive Board by a motivated request to include in the agenda, at least within the relevant period prescribed by law (currently 60 days) before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda.

Ordinary Shareholders who, individually or with other shareholders, hold Ordinary Shares that represent at least 1% of the issued share capital required by law or at least the nominal value required by law (currently EUR 225,600), may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting, if the Company has this information at its disposal in accordance with Section 49c of the Dutch Securities Giro Transactions Act. The Company can only refuse disseminating such information, if received less than seven business days prior to the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

The General Meeting is chaired by one of the following individuals, taking into account the following order of priority: (a) by the Chairman if there is one and he/she is present at the General Meeting, (b) by another member of the Supervisory Board present at the General Meeting chosen by the members of the Supervisory Board present at the General Meeting; (c) by a member of the Executive Board present at the General Meeting chosen by the members of the Executive Board present at the General Meeting; or (d) by another person appointed by the General Meeting. The person who should chair the General Meeting pursuant to the above may appoint another person to chair the General Meeting instead of him or her.

Each shareholder may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his or her shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Ordinary Shares or Preferred Shares on the registration date, which is currently the 28th day prior to the date of the General Meeting, and, in case they hold Ordinary Shares, have notified the Company in writing of his or her identity and his/her intention to attend the General Meeting, which notification must be received by the Company ultimately on the seventh day prior to the General Meeting, unless indicated otherwise when such General Meeting is convened. However, if a General Meeting is being convened for purposes of passing a resolution to issue Ordinary Shares in

connection with emergency measures, as described above, the Articles of Association provide that the registration date shall be the seventh day prior to the date of such General Meeting.

Voting Rights

Each Ordinary Share and each Preferred Share gives the right to cast one vote at General Meetings. Unless a greater majority is required by Dutch law or by the Articles of Association, all resolutions of the General Meeting pass by absolute majority. Invalid votes, blank votes and abstentions are not counted as votes cast. Ordinary Shares or Preferred Shares in respect of which an invalid or blank vote has been cast and shares in respect of which an abstention has been made shall be taken into account when determining the part of the issued share capital that is present or represented at a General Meeting. Where there is a tie in any vote of the General Meeting, the relevant resolution shall not have been passed. Members of the Executive Board and the Supervisory Board have an advisory vote at General Meetings.

Pursuant to the Articles of Association the following resolutions of the General Meeting shall require a majority of at least two-thirds of the votes cast representing more than half of the Company's issued share capital:

- a) a resolution to approve resolutions of the Executive Board concerning a material change to the identity or the character of the Company or the business, including any event:
 - a. transferring the business or materially all of the business to a third party;
 - b. entering into or terminating a long-lasting alliance of the Company or of a subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or general partnership, if this alliance or termination is of significant importance for the Company; and
 - c. acquiring or disposing of an interest by the Company or a subsidiary of a participating interest (*deelnemings*) in the capital of a company with a value of at least one-third of the value of the Company's equity, according to the consolidated balance sheet with explanatory notes in the Company's most recently adopted annual accounts;
- b) the amendment of the Articles of Association, but only if it concerns an amendment to the content or application of articles 2, 3, 19.12 and/or 31.3 of the Articles of Association; and
- c) the Company's dissolution.

Amendment of the Articles of Association

The General Meeting may resolve to amend the Articles of Association upon a proposal of the Executive Board, which has been approved by the Supervisory Board. A proposal to amend the Articles of Association must be included in the agenda. A copy of the proposal, containing the verbatim text of proposed amendment, must be lodged with the Company for the inspection of every shareholder until the end of the General Meeting. The Company shall discuss the contents of such proposal to amend the Articles of Association with Euronext Amsterdam before presenting it to the General Meeting.

A resolution of the General Meeting to amend the Articles of Association requires a simple majority of the votes validly cast. However, an amendment to articles 2, 3, 19.12 and/or 31.3 of the Articles of Association requires a majority of at least two-thirds of the votes cast representing more than half of the Company's issued share capital.

Annual and Semi-Annual Financial Reporting

Annually, within four months after the end of the financial year, the Company must publish an annual financial report, consisting of audited annual accounts, an auditor's statement, a management report and certain other information required under Dutch law. The annual accounts must be adopted by the General Meeting.

The Company must publish a semi-annual financial report as soon as possible, but at the latest three months after the end of the first six months of the financial year. If the semi-annual financial report is audited or reviewed, the independent auditor's statement must be published together with the semi-annual financial report.

Public Offer Rules

Pursuant to the Dutch Financial Supervision Act, and in accordance with European Directive 2004/25/EC, also known as the takeover directive, any shareholder who (individually or jointly) directly or indirectly obtains control of a Dutch listed company, such as the Company, is required to make a public offer for all issued and outstanding shares in that company's share capital at a fair price. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of such listed company (subject to a grandfathering exemption for major shareholders who, acting alone or in concert, already had control at the time of that company's initial public offering). An additional exemption exists if such (legal) person, alone or acting in concert, reduces its holding below 30% within 30 days of the acquisition of control provided that: (i) the reduction of such (legal) person's holding was not effected by a transfer of shares or depositary receipts to an exempted party; and (ii) during this period such (legal) person, alone or acting in concert, did not exercise its voting rights.

In addition, it is prohibited to launch a public offer for shares of a listed company, such as the Ordinary Shares, unless an offer document has been approved by the AFM. A public offer may only be launched by way of publication of an approved offer document unless a company makes an offer for its shares. The public offer rules are intended to ensure that in the event of a public offer, among others, sufficient information will be made available to the holders of the shares, the holders of the shares will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

Dutch Squeeze-Out Proceedings

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who for his own account contributes at least 95 per cent. of the issued capital may institute proceedings before the Enterprise Chamber against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary upon the advice of one or three experts. In the event that a shareholder has acquired at least 95 per cent. of the shares held by him, representing at least 95 per cent. of the total voting rights, each remaining minority shareholder is entitled to demand a squeeze-out. This procedure must be initiated with the Enterprise Chamber within three months after the end of the period for tendering shares in the public offer. With regard to the price per share to be paid by the majority shareholder, the same

procedure as for squeeze-out proceedings initiated by the offeror, as set out in the previous paragraph, applies.

The offeror under a public offer is also entitled to start squeeze-out proceedings if, following the public offer, the offeror contributes at least 95 per cent. of the outstanding share capital and represents at least 95 per cent. of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90 per cent. of the shares to which the offer related were received by way of voluntary offer.

The Dutch takeover provisions of the Dutch Civil Code also entitle those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95 per cent. of the outstanding share capital and represents at least 95 per cent. of the total voting rights. With regard to the price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

Anti-Takeover Measures

The Stichting Continuïteit ASR Nederland (the **Foundation**) was incorporated on 26 May 2016. The Foundation's objects are to promote and protect the interests of the Company, the business connected with it and its stakeholders from time to time, and repressing possible influences which could threaten the continuity, independence, strategy and/or identity of the Company or the business connected with it to such an extent that this could be considered to be contrary to the aforementioned interests. The Foundation aims to achieve its objects by, amongst other things, acquiring and holding Preferred Shares pursuant to, and subject to the terms of the call option agreement with the Foundation (the **Call Option Agreement**), and exercising the voting rights and other rights attached to Preferred Shares held by the Foundation.

In the Call Option Agreement, in furtherance of the Foundation's objects as described above, the Company has granted to the Foundation the continuous and repeatedly exercisable right to subscribe for Preferred Shares for up to the lesser of a) the total number of shares that form the Company's issued capital at the time of an exercise of that right minus the number of Preferred Shares already held by the Foundation at that time (if any) minus one; or b) the maximum number of Preferred Shares that may be issued under the Company's authorised share capital as included in the Articles of Association at the time of exercise of such right (the **Call Option**). The Call Option can be exercised each time that the Foundation considers, or reasonably expects, there to be an act that is, in the opinion of the Foundation, materially (*wezenlijk*) contrary to the interests of the Company, the business connected with it and its stakeholders, which may include the following to the extent it is materially (*wezenlijk*) contrary to the aforementioned interests: (i) the announcement of a public offer for Ordinary Shares, or the legitimate expectation that such a public offer shall be announced, without agreement on the offer having been reached with the Company or the offer being supported by the Company, and (ii) an activist shareholder (or group of activist shareholders acting in concert) of the Company directly or indirectly representing at least 25 per cent. of the Ordinary Shares forming part of the Company's issued share capital.

Ultimately, after the Foundation has held Preferred Shares for a period of twenty (20) months (or such later date which the Foundation deems appropriate under the facts and circumstances at hand), the

Foundation may request, by means of a notice to that effect, that the Company considers to procure, as soon as practicable, the proposal of a resolution to the General Meeting to cancel all Preferred Shares. The Company is free to propose such a resolution to the General Meeting without this being requested by the Foundation if not cancelling the Preferred Shares in a timely fashion would result in the Foundation being required to make a mandatory public offer in respect of the Company under Section 5:70(1) of the Dutch Financial Supervision Act. In addition, if and when the Company has issued Preferred Shares, the Company shall convene a General Meeting, to be held within twenty (20) months following such issuance, for purposes of resolving on the cancellation of all such Preferred Shares.

If and for as long as the Foundation holds Preferred Shares, the Foundation may request at any time, by means of a notice to that effect, that the Company consider to procure, as soon as practicable, the convening and holding of a General Meeting to discuss and, if appropriate, resolve on any relevant matter in relation to the Preferred Shares.

TAXATION – NETHERLANDS

The following summary outlines the principal Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant.

For purposes of Dutch tax law, a holder of Securities may include an individual or entity who does not have the legal title of these Securities, but to whom nevertheless the Securities 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 Securities 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 Securities.

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 Offering Circular, 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 Dutch corporate and individual income tax consequences for:

- (i) investment institutions (*fiscale beleggingsinstellingen*);
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch tax resident entities that are not subject to or exempt from Dutch corporate income tax;
- (iii) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Securities 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 (statutorily 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 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 Securities and the income from the Securities are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);
- (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 Securities are attributable to such permanent establishment or permanent representative; and
- (vi) individuals to whom Securities 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.

This summary does not describe the consequences of the conversion of the Securities.

WITHHOLDING TAX

All payments made by the Issuer of interest and principal under the Securities can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Securities are considered either as debt for Dutch civil law purposes and do not in fact have the function of equity of the Issuer within the meaning of Article 10, paragraph 1, under d of the Dutch Corporate Income Tax Act of 1969 (*Wet op de vennootschapsbelasting 1969*) or as an equity instrument, not being shares (*aandelen*) or profit certificates (*winstbewijzen*) within the meaning of the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*). See also the risk factors under the headings 'Withholding tax' and 'Tax Plan 2020 of the Dutch government'.

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder of Securities is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Securities are attributable, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities 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 Dutch individual income tax purposes, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are taxable at the progressive rates (at up to a maximum rate of 51.75%) under the Dutch Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Securities 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 Securities 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 Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Securities, must determine taxable income with regard to the Securities on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on savings and investments is fixed at a percentage 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 statutory 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 Securities will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 30%.

Non-residents of the Netherlands

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, such person is not liable to Dutch income tax in

respect of income derived from the Securities and gains realised upon the settlement, redemption or disposal of the Securities, 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 Securities 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 Securities are attributable.

This income is subject to Dutch 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 Securities are attributable, or (2) realises income or gains with respect to the Securities that qualify as income from miscellaneous activities in the Netherlands which include activities with respect to the Securities 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 Securities are attributable.

Income derived from the Securities as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 51.75%. 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 savings and investments (as described above under "Residents of the Netherlands").

Gift and Inheritance Tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Security by way of gift by, or on the death of, a holder of a Security, unless:

- (i) the holder of a Security is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

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

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 Securities.

Foreign account tax compliance act (FATCA)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Securities issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

ABN AMRO Bank N.V., HSBC Bank plc and UBS AG London Branch (together, the **Joint Lead Managers**) have, pursuant to a Subscription Agreement dated 20 September 2019, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe (or procure the subscription) for the Securities at 103.405 per cent. of their principal amount less certain commissions. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Securities.

General

None of the Issuer or any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Securities, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed that it will comply, to the best of its knowledge and belief, with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes this Offering Circular (in preliminary, proof or final form) or any such other material, in all cases at its own expense. No Joint Lead Manager has been authorised to make any representation or use any information in connection with the issue, subscription and sale of the Securities other than as contained in this Offering Circular or any amendment or supplement thereto.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) within the United States or to, or for the account or benefit of, U.S. persons and neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager has agreed that it will have sent to each dealer to which it sells the Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
- (ii) a customer within the meaning of Directive 2016/97 EU (**IDD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (A) 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 or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (B) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Italy

No application has been or will be made by any person to obtain an authorization from Commissione Nazionale per le Società e la Borsa (**CONSOB**) for the public offering (*offerta al pubblico*) of the Securities in the Republic of Italy. Accordingly, no Securities may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Securities be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by the Financial Services Act and the relevant implementing regulations (including Regulation No. 11971).

Any offer, sale or delivery of the Securities or distribution of copies of the Offering Circular or any other document relating to the Securities in the Republic of Italy under (i) or (ii) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time)

and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Canada

The Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in the SFA) or securities-based derivatives contracts (as defined in the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore

- In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the **CMP Regulations 2018**), the Issuer has determined the classification of the Securities as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

Each Joint Lead Manager has represented and agreed and each further Joint Lead Manager appointed under this Offering Circular will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued, or had in its possession for the purposes of issue and will not issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO of Hong Kong and any rules made under the SFO.

Belgium

Each Joint Lead Manager has represented and agreed that an offering of Securities may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Securities, and that it has not distributed, and will not distribute, any prospectus, memorandum,

information circular, brochure or any similar documents in relation to the Securities, directly or indirectly, to any Belgian Consumer.

GENERAL INFORMATION

1. This Offering Circular has been approved by Euronext Dublin as listing particulars. Application has been made to Euronext Dublin for the Securities to be admitted to the Official List and trading on the GEM which is the exchange regulated market of Euronext Dublin. The GEM is not a regulated market for the purposes of Directive 2014/65/EU.
2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Securities. The issue of the Securities was authorised by a resolution of the Executive Board of the Issuer passed on 13 September 2019 and a resolution of the Supervisory Board of the Issuer passed on 27 August 2019.
3. There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2019. There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2018.
4. The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Group, save as disclosed under “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 “Description of the Issuer—Litigation” above.
5. The Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). To (but excluding) the Fungibility Date, the Temporary Common Code is 205578137 and the International Securities Identification Number (Temporary ISIN) is XS2055781376. From (and including) the Fungibility Date, the Permanent Common Code is 170070968 and the International Securities Identification Number (Permanent ISIN) is XS1700709683. If the Fungibility Conditions are not fulfilled, the Common Code will remain 205578137 and the International Securities Identification Number will remain XS2055781376. 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.
6. The Issuer’s legal entity identifier (LEI) is 7245000G0HS48PZWUD53.
7. The Issuer’s consolidated financial statements for the year ended 31 December 2017 and 2018 have been audited by Ernst & Young Accountants LLP (**E&Y**). The auditors who sign on behalf of E&Y are members of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). E&Y is located at Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands.
8. EY have issued an unqualified auditor’s report on the consolidated financial statements for the years ended 31 December 2017 and 2018. The auditor’s reports of E&Y have been incorporated by reference in the form and context in which they appear with the consent of E&Y, who have authorised the content of such auditor’s reports.

9. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Securities and is not itself seeking admission of the Securities to trading on the Global Exchange Market of Euronext Dublin.
10. Where information in this Offering Circular (including where such information has been incorporated by reference) has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
11. For so long as the Securities remain outstanding and admitted to the Official List and to trading on the GEM, copies of the following documents (in physical form) will be available, during usual business hours on any weekday (public holidays excepted), for inspection, free of charge, at the office of the Fiscal Agent:
 - (a) the Articles of Association of the Issuer;
 - (b) the audited and consolidated financial statements of the Issuer for the financial years ended 31 December 2017 and 2018;
 - (c) the unaudited condensed consolidated interim financial statements of the Issuer for the six months ended 30 June 2019;
 - (d) the Agency Agreement; and
 - (e) a copy of this Offering Circular together with any supplement thereto or any further Offering Circular.
12. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and/or the Issuer's affiliates in the ordinary course of business.

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