Offering Circular dated 30 April 2019

ASR Nederland N.V.

€500,000,000 Fixed to Fixed Rate Subordinated Notes due 2049

The €500,000,000 Fixed to Fixed Rate Subordinated Notes due 2049 (the **Notes**) are issued by ASR Nederland N.V. (the **Issuer**).

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

The Notes will bear interest (i) from (and including) 2 May 2019 (the **Issue Date**), to (but excluding) 2 May 2029 (the **First Reset Date**), at a fixed rate of 3.375 per cent. per annum, payable annually in arrear on 2 May in each year, commencing on 2 May 2020 and (ii) from (and including) 2 May 2029, at a reset rate per annum calculated once every five years on the basis of the mid swap rates for euro swap transactions with a maturity of five years plus a margin of 4.00 per cent., payable annually in arrear on 2 May in each year, commencing on 2 May 2030. Payment of interest on the Notes may be deferred at the option of the Issuer, or shall be deferred under certain circumstances, as set out in Condition 3.8 (Interest - Interest Deferral) in *Terms and Conditions of the Notes*. Any interest not paid on an Optional Interest Deferral Date or a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.8, together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute Arrears of Interest and shall be payable in accordance with Condition 3.8(iii) (Interest - Interest Deferral) in *Terms and Conditions of the Notes*.

The Issuer will have the right to redeem the Notes in whole, but not in part, on the date falling three (3) months prior to the First Reset Date and on any date thereafter up to and including the First Reset Date and on any Interest Payment Date thereafter, as defined in Condition 4.2 (Redemption and Purchase – Optional Early Redemption) in *Terms and Conditions of the Notes*. The Issuer may also, at its option, redeem the Notes upon the occurrence of a Gross-Up Event, a Tax Deductibility Event, a Regulatory Event or a Rating Methodology Event, at any time if permitted under the then Applicable Regulations, and in certain instances exchange the Notes or vary their terms, as further described in Condition 4 (Redemption and Purchase) in *Terms and Conditions of the Notes*.

This Offering Circular does not comprise a prospectus for the purposes of Article 5 of Directive 2003/71/EC (as amended or superseded) (the **Prospectus Directive**). Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the approval of this Offering Circular as Listing Particulars. Application has been made to Euronext Dublin for the Notes to be admitted to the official list (the **Official List**) and to trading on the Global Exchange Market of Euronext Dublin (**GEM**). References in this Offering Circular to the Notes being "listed" (and all related references) shall mean that the Notes 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 Notes are expected to be assigned, on issue, a rating of BBB- by S&P Global Ratings Europe Limited (**S&P**). S&P is established in the European Community and registered pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Notes will be issued in bearer form and shall have denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000. The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 2 May 2019 (the **Closing Date**) with a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 11 June 2019 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances. See *Summary of Provisions relating to the Notes while in Global Form*.

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

Structuring Adviser

HSBC

Joint Lead Managers

ABN AMRO **Deutsche Bank**

HSBC **UBS Investment Bank**

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RISK FACTORS

Before investing in the Notes, 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 the 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 Notes. In that event, the value of the Notes 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 Notes.

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 Notes, they are not the only risks and uncertainties relating to the Group and the Notes. 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 Notes 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 Notes. Furthermore, before making an investment decision with respect to any Notes, 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 Notes 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 Notes" 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, tightening monetary policy in the United States, the prolonged economic stagnation in 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. If these trends persist, they may continue to 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. High 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. All of these factors are impacted by changes in financial markets and developments in the global and European economies. 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 and there remains a risk that financial difficulties may result in certain European countries exiting the Eurozone. In this respect 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.

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, further 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 will return, this may have a negative affect 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%. Unless legislative changes are made, these tax rates will be reduced to 16.5% and 22.55% in 2020 and to 15% and 20.5% respectively in 2021. Besides the positive impact on the result of the Group after tax this has an impact on the Loss Absorbing Capacity of Deferred Taxes (**LACDT**) which is a significant item when determining the Solvency Capital Requirement (**SCR**). The amount of LACDT included in the calculation of the SCR as per 31 December 2018 would be reduced if the impact of future tax rate reductions is taken into account.

Risks related to announced tax initiatives of the Dutch government

On 10 October 2017, the Dutch government released its coalition agreement (*Regeerakkoord*) 2017-2021, which includes, among others, certain policy intentions for tax reform. On 23 February 2018, the Dutch State Secretary of Finance published a letter with an annex containing further details on the government's policy intentions against tax avoidance and tax evasion. These intentions have been included in the Tax Plan 2019 (*Pakket Belastingplan 2019*) and related legislative proposals as published by the Dutch government on 18 September 2018. Two policy intentions in particular may become relevant in the context of the Dutch tax treatment of the Group, the Notes, and/or payments under the Notes.

The first policy intention relates to the introduction of a withholding tax on interest paid to creditors in low tax jurisdictions, including non-cooperative jurisdictions, as of 2021. The coalition agreement and the annex to the letter suggest that this interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to a group entity in a low tax or non-cooperative jurisdiction. This intention is reconfirmed in the letter of the Dutch State Secretary of Finance of 15 October 2018.

However, it cannot be ruled out that, contrary to the information publically available to date, it will have a wider application and, as such, it could potentially be applicable to interest payments under the Notes.

Another policy intention relates to the introduction of a thin capitalisation rule as of 2020 that would limit the deduction of interest for tax payers such as banks and insurance companies if highly leveraged. On 18 March 2019, the Dutch government published a consultation paper regarding this thin capitalisation rule including draft legislation for consultation purposes. The draft legislation limits the applicability of the thin-capitalisation rule to qualifying banks and insurance companies, such as the Group. 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 Group 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 31 December 2018, based on management estimates, if credit spreads had increased by 75 basis points and correspondingly the VA-premium of 20 basis points, the Group's Solvency II ratio would have increased by 21% 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.

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 also 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 results in a decreasing UFR for the coming years. A lower level of UFR used in the calculation of the Solvency II regime results 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 31 December 2018[1], a 1%-point decrease in the UFR would be expected to result in a negative impact of 24%-points on the Group's Solvency II ratio. 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.

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

[1] At which time the UFR set by EIOPA was 4.05%.

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

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%. In September 2018 the Dutch government published its 2019 budget, which included several changes to the tax system. From 2021, only two brackets with regard to income tax remain in place, 37.05% and 49.5% as well as an additional lower bracket of 19.15% which will apply to individuals who have reached the state pension age. The mortgage interest deduction will decrease by 3%-point per year until a level of 37.05% is reached for each tax payer. This is expected to be achieved 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 recovery and may result in an increase of defaults or higher prepayment rates. Also, borrower payment disruptions, 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 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 31 December 2018, the amortised cost of this loan portfolio amounted to €2,861 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 50% 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. More insight into this risk can be provided by explaining the single obligor limits of the Group, which are part of the Group's investment framework. The single obligor limits, which are set in accordance with Solvency II guidelines, apply to the total investment portfolio and cap the total exposure per counterparty name. The Group applies a limit on maximum exposure of €700 million for counterparties with a single A rating or higher and €350 million for counterparties with a BBB rating. The concentration risks are monitored on a monthly basis. Although the single obligor limits mitigate concentration risk to a certain degree, 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. 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 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.

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. Also, the benefits and impact of the Group's strategy could fall short of what the Group envisages. In addition, the Group may not succeed in achieving its targets, because of insufficient management attention, incorrect decisions or choices, inefficiencies or other reasons.

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. Opportunities for acquisitions, joint ventures, alliances, or investments may not arise, or, if they do, the Group may not be able to value the transaction properly or complete the contemplated transaction on acceptable terms or at all. Acquisitions and divestment transactions 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 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. The ability to successfully implement the Group's strategy will also be impacted by factors such as general economic and business conditions, 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 €12.8 billion in 2017 (*source: 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 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 have 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 31 December 2018, these mandates issued to third parties in relation to investments held for the Group's own account comprised €829 million of AuM (€312 million of equities and €517 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. 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 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 assurance 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 31 December 2018, the Group had €51.2 billion of investments and €7.8 billion of investments on behalf of policyholders (total AuM €59 billion). 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 31 December 2018, the Group's own risk asset portfolio amounted to €51.2 billion, of which 51.8% consisted of fixed income securities, 4.3% equity investments, 16.0% mortgages and 7.8% property investments, the remainder being cash holdings, reinsurance receivables and other debtors. 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 31 December 2018, the Group has guaranteed a minimum return on €1.2 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 20 August 2018, when S&P regarded the outlook as "stable"); and

ASR Levensverzekering N.V. has an A rating from S&P for both the financial strength and the credit rating (last updated 20 August 2018, when S&P regarded the outlook as "stable").

The Company has a rating of BBB+ from S&P (last updated 20 August 2018, 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 business 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. 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.

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 Company'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 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 Dutch Central Bank (*De Nederlandsche Bank*, **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 regulatory 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.

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 company'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 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.

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 and sales suitability; product distribution; 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. Failure to comply with any laws and regulations could lead to disciplinary action, replacement of daily and co-policymakers, the imposition of fines and/or revocation of a licence, 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, which 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, that has been 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*), on the basis of which 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*). There is a risk that, in the future, it will be easier for customers to claim damages pursuant to collective actions. This could materially adversely affect 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 administrative penalties and publication thereof and other enforcement measures imposed by a particular governmental or self-regulatory authority, 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 licence. 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, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) came into force in the Netherlands, with retroactive effect from 20 January 2012. The Dutch Intervention Act grants far-reaching new powers to DNB and the Dutch Minister of Finance to intervene in situations where an institution, including a financial group such as the Group, faces financial difficulties or where there is a serious and immediate risk to the stability of the Dutch financial system caused by an institution in difficulty.

Under the Dutch Intervention Act, substantial new powers have been granted to DNB and the Dutch Minister of Finance enabling them to deal with ailing Dutch banks and insurance companies as well as holding companies of insurance companies and financial conglomerates prior to insolvency. The measures allow them to commence proceedings which may lead to (a) the transfer of all or part of the business of an ailing insurance company to a private sector purchaser, (b) the transfer of all or part of the business (including, in the case of a bank, deposits) of an ailing bank or insurance company to a "bridge entity", (c) the transfer of the shares in an ailing bank or insurance company to a private sector purchaser or a "bridge entity", (d) immediate intervention by the Dutch Minister of Finance concerning an ailing bank or insurance company (e) public ownership (nationalisation) of (i) all or part of the business of an ailing bank or insurance company or (ii) all or part of the shares or other securities issued by an ailing bank or insurance company or its holding company. The Dutch Intervention Act also contains measures that limit the ability of counterparties to invoke contractual rights (such as contractual rights to terminate or to invoke a right of set-off or to require security to be posted) if the right to exercise such rights is triggered by intervention of DNB or the Dutch Minister of Finance based on the Dutch Intervention Act or by a circumstance which is the consequence of such intervention. There is a risk that the exercise of powers by DNB or the Dutch Minister of Finance under the Dutch Intervention Act could have a material adverse effect on the performance by the failing institution, including the Group, of its payment and other obligations under contracts of any form, including the expropriation, write-off, write-down or conversion of securities such as shares and debt obligations issued by the failing institution (which would include Noteholders) or its parent.

The Dutch Intervention Act was amended on 26 November 2015 as a result of the entry into force of EU Directive 2014/59/EU on the recovery and resolution of credit institutions, investment firms and certain holding companies, which was approved by the European Parliament on 15 April 2014 and of which the final text was published on 12 June 2014 (the **BRRD**). The BRRD also contains provisions that apply to mixed financial holding companies, and thus to the Group if and when it has been designated by DNB as such, including the right of bail-in of investors (which would include Noteholders).

Furthermore, on 1 January 2019, the Dutch Act on Recovery and Resolution of Insures (*Wet herstel en afwikkeling verzekeraars*, the **R&R Act**) came into force in the Netherlands, replacing the previously applicable intervention regime for insurance companies in the Netherlands faced with financial difficulties. Amongst other things, the R&R Act (i) expands and improves DNB's tools, including bail-in tools to write down debt or convert debt into equity, for recovering and resolving insurers in an orderly manner to protect the interests of the policyholders and (ii) opens the possibility to pay advances (*voorschotten*) to policyholders of an insolvent insurer prior to the bankruptcy verification meeting (*verificatievergadering*). The powers under the R&R Act may also extend to entities other than insurance or reinsurance entities in the Netherlands that are part of the group. In addition, the R&R Act will allow DNB to require a Dutch insurance or reinsurance company or a group to remove, ex ante, impediments to effective resolution of a Dutch insurance or reinsurance undertaking (such as the revision of financing arrangements, the reduction of exposures, the transfer of assets, the termination or limitation of business activities, or the prohibition to start certain business activities, change the legal or operational structure of the group, or securing certain critical business lines). The risks related to the R&R Act may be comparable to the risks described above in relation to the Dutch Intervention Act. However, as the R&R Act has come into force recently, the Group at this time is unable to predict what effects, if any, any actions taken under the R&R Act may have in respect of the exercise of the Dutch bail-in power.

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 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.

Benchmark Regulation

On 29 June 2016, the 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**) was published in the official journal and applies from 1 January 2018. The Benchmark Regulation aims to contribute to the accuracy and integrity of benchmarks used in financial instruments and financial contracts or to measure the performance of investment funds by, among others, (i) ensuring that benchmark administrators are subject to prior authorisation and supervision depending on the type of benchmark, requiring greater transparency on how a benchmark is produced, (ii) ensuring the appropriate supervision of critical benchmarks, such as the London Inter-Bank Offered Rate (**LIBOR**) and/or the Euro Interbank Offered Rate (**EURIBOR**), the failure of which might create risks for market participants and for the functioning and integrity of markets, and (iii) requiring EU supervised entities to only use benchmarks of administrators that are duly authorised and/or registered. As user of benchmarks for, amongst others, the debt securities it issues, the Issuer may only use benchmarks which are in compliance with the Benchmark Regulation.

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 in a package with 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 may also affect the Group's distribution channels and, directly or indirectly, 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.

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 Financiele 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 companies 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 companies 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, several 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 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, 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.

The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and regulatory changes resulting from such issues, have had and may continue to have a material adverse effect on the Group's business, revenues, results and 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 has 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 is aimed at creating a new 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 for the first time. 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 and for market risk budgeting to also make use of the Group's own risk model (**ECAP**). A cost-benefit analysis led the Group to opt for the use of the standard formula. The Group believes that the use of an internal model, as opposed to the standard formula, would not have a negative impact on the Group's solvency position, based on annual ORSA results. Furthermore, the pre-application for the use of an internal model would have been a time-consuming process. DNB is expected to continue 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.

Although Solvency II became effective on 1 January 2016, and Solvency II numbers are based on an agreed procedure, there remains uncertainty about the interpretation of Solvency II in the Dutch insurance market. In addition, further changes and reviews are planned by the supervisors.

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 3.6%. Further information can be found in the 2017 interim report of the Company 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 1%-point decrease in the ultimate forward rate (UFR) would have been expected to result in a negative impact of 24%-points on the Group's Solvency II ratio according to the figures reported at 31 December 2018.

In 2018, EIOPA has conducted a full review of Solvency II. In its first consultation paper EIOPA has illustrated that the supervisory practice regarding loss absorbing capacity of deferred taxes (LAC DT) differs significantly amongst European supervisory authorities. A further elaboration of this paper by EIOPA is expected, including recommendations. The insights that EIOPA has given in their consultation paper has led to a harmonization of the LAC DT application in Europe, mostly with regard to the future profits. Stricter rules are in place for using the future profits in the LAC DT calculation.

On 8 March 2019, the European Commission published a press release regarding a reduction of the capital charge on equity investments and investments in private debt. Before this amendment become effective it has to be ratified by the European Parliament and the Council, whose outcome is uncertain but to be expected in the coming 3 months. Due to the Group's large equity and private debt exposure, an adjustment of the calculation of market risk related to equity and private debt investments may have a material effect on the Group's business, solvency, results and financial condition. Given the reduction of the capital charges this is expected to have a positive impact on the solvency ratio of the Group.

In addition to the 2018 review of the Solvency II, 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.

Furthermore, 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;
- other items related to the supervision of insurance and reinsurance undertakings.

It is not possible to foresee exactly what the changes resulting from the Solvency II review will be and consequently, what the impact would be on the Group or on the rights of holders of the Notes, 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 over-estimate 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

Notes. Therefore, any such limitation on pay out of distributions by the Group's Subsidiaries to the Group will impact the Group's ability to fulfil its obligations under the Notes.

.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.

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:

1. Loans and receivables (including mortgages and the '*Spaarlossen*') are not valued at fair value but at amortised cost under IFRS;

2. 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);

3. Reinsurance recoverables, which are amounts that can be collected from reinsurers, are estimated using a method that is in line with the reinsurance contract;

4. Subordinated liabilities and other financial liabilities are not valued at fair value but at amortised cost under IFRS;

5. Intangible assets are derecognised under Solvency II; and

6. 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 NOTES

Risks relating to the structure of the Notes

The Issuer's obligations under the Notes are subordinated

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

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

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

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

There are no events of default under the Notes

The Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the

Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment.

Deferral of interest payments

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

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

Any interest not paid on an Optional Interest Deferral Date or a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.8, together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute Arrears of Interest and shall be payable as outlined in Condition 3.8(iii) in *Terms and Conditions of the Notes.* Arrears of Interest themselves shall not bear interest.

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

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

If a Compulsory Interest Payment Event has occurred during the period of twelve months prior to and ending on an Interest Payment Date, the Issuer will be obliged to pay interest and Arrears of Interest on such Interest Payment Date, provided that no Regulatory Deficiency Event has occurred and is continuing on such Interest Payment Date and the payment of such amount would in itself not cause a Regulatory Deficiency Event. A Compulsory Interest Payment Event means (i) a declaration by the general meeting of shareholders of the Issuer, or a payment, of a dividend or distribution in any form on any Equity Securities or (ii) the Issuer purchases or otherwise acquires any Equity Securities (other than any Equity Securities purchased or otherwise acquired by the Issuer (A) in the context of any equity derivative hedge structure or transaction, (B) under any hedging of stock options programme or any other compensation benefit programme, if any, or (C) in connection with financial restructuring, mergers or acquisitions, split-offs, divestments or alike corporate transactions).

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

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

Early redemption risk

Subject to the Prior Approval of the Relevant Supervisory Authority, the Issuer may redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued (including Arrears of Interest) to the date fixed for redemption on the date falling three (3) months prior to the First Reset Date and on any date thereafter up to and including the First Reset Date and on any Interest Payment Date falling thereafter.

The Issuer may also, at its option, at any time redeem the Notes in whole, but not in part, upon the occurrence of a Gross-Up Event, a Tax Deductibility Event, a Regulatory Event or a Rating Methodology Event, as further described in *Terms and Conditions of the Notes - Redemption and Purchase*.

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

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

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

Redemption or purchase by the Issuer of the Notes is subject to certain conditions

Any redemption or purchase by the Issuer of the Notes is subject to the Prior Approval of the Relevant Supervisory Authority. Furthermore, the Notes may not be redeemed if (i) a Regulatory Deficiency Event has occurred and is continuing on the redemption date or purchase date or such redemption or purchase would itself cause a Regulatory Deficiency Event, (ii) the Issuer is not Solvent prior to the relevant redemption date or purchase date or such redemption or purchase would itself cause the Issuer no longer to be Solvent or (iii) an Insolvent Insurer Liquidation has occurred and is continuing on the relevant redemption date or purchase date, provided, however that the Notes may be redeemed or purchased by the Issuer upon occurrence of condition (i) if the Relevant Supervisory Authority has exceptionally waived the deferral of such principal payment, the Notes are exchanged for or converted into other Tier 1 Own Funds or Tier 2 Own Funds of at least the same quality and the Minimum Capital Requirement will be complied with immediately after the redemption or purchase is made.

Furthermore, in the case of a redemption of the Notes upon the occurrence of a Gross-Up Event, a Tax Deductibility Event, a Regulatory Event or a Rating Methodology Event that is within five years from the Issue Date, such redemption may only take place in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Notes, if the Applicable Regulations make a redemption or purchase conditional thereon, or as otherwise permitted under the Applicable Regulations. See further in *Terms and Conditions of the Notes - Redemption and Purchase*.

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

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction unless such withholding or deduction is required by law.

If at any time, by reason of a change in any Dutch law or regulation, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts as specified in Condition 6 or 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, payments of interest payable by the Issuer in respect of the Notes would no longer be deductible in whole or in part, the Issuer has the right to exchange or vary the Notes, subject (among other things) to such Exchanged Notes or Varied Notes qualifying as Qualifying Securities, which among other things entails that it has terms that are not materially less favourable to the Noteholders, so that after such exchange or variation a Tax Event no longer exists. Alternatively, the Issuer has the right, under the same circumstances, to redeem the Notes early as further described in *Early redemption risk* above, *Redemption of the Notes is subject to certain conditions* above and in *Terms and Conditions of the Notes - Redemption and Purchase*.

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

The Notes are issued for capital adequacy regulatory purposes with the intention that all the proceeds of the Notes be eligible under the then Applicable Regulations as at least Tier 2 Own Funds of the Issuer. 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) the Applicable Regulations, on or after the Issue Date, at any time whilst any of the Notes are outstanding the whole or any part of the proceeds of the Notes can no longer be treated as at least Tier 2 Own Funds for the purposes of the Issuer or the Group whether on a solo or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital, the Issuer has the right to exchange or vary the Notes, subject (among other things) to such Exchanged Notes or Varied Notes qualifying as Qualifying Securities, which among other things entails that it has terms that are not materially less favourable to the Noteholders, so that after such exchange or variation they would be so eligible. Alternatively, the Issuer has the right, under the same circumstances, to redeem the Notes early as further described in *Early redemption risk* above, *Redemption of the Notes is subject to certain conditions* above and in *Terms and Conditions of the Notes - Redemption and Purchase*.

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

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

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

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

Interest rate risk

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

Interest on the Notes for each Relevant Five-Year Period shall be shall be calculated on the basis of the mid swap rates for euro swap transactions with a maturity of five years plus a margin of 4.00 per cent. These mid swap rates are not pre-defined for the lifespan of the Notes. Higher mid swap rates for euro swap transactions mean a higher interest on the Notes and lower mid-swap rates mean a lower interest on the Notes. As a consequence, the interest rate in respect of the Notes following the First Reset Date may be less favourable than the prevailing interest rate in respect of the Notes prior to the First Reset Date.

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

Various interest rate benchmarks (including LIBOR and EURIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective, including 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).

Additionally, in March 2017, the European Money Markets Institute (**EMMI**) published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmark Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a “change in market activity as a result of the current regulatory requirements and a negative interest rate environment” and “under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path”. It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR.

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 Notes, as the Reset 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", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmark

Regulation. Pursuant to the fall-back provisions applicable to the Notes, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser accordance with Condition 3.4(i) with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate will determine the way in which the interest rate is set. This may lead to a conflict between the interests of the Issuer and the Noteholders. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility or the level of the published rate or level of the "benchmark".

If a Successor Rate or Alternative Rate is determined by the Issuer, the Conditions provide that a spread (which may be positive or negative), or the formula or methodology for calculating a spread, may be determined by the Issuer, following consultation with the Independent Adviser, to be applied to such Successor Rate or Alternative Rate. The aim of such spread, or the formula or methodology for calculating a spread, is to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate.

Furthermore, if a Successor Rate, Alternative Rate or Adjustment Spread is determined by the Issuer in consultation with the Independent Adviser, the Conditions also provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate, Alternative Rate or Adjustment Spread, without any requirement for consent or approval of Noteholders.

Investors should be aware that, if the 5 Year Mid-Swap Rate (or any component customarily used in the determination thereof) were temporarily unavailable or if upon the occurrence of a Benchmark Event no Successor Rate or Alternative is determined, this may, in certain circumstances, result in the effective application of a fixed rate based on the rate which was last observed on the relevant Screen Page.

Furthermore, if the operation of the fallback provisions would cause the Notes to cease qualifying as Tier 2 Own Funds by reason of the level of the substitute or successor rate, the Margin will be adjusted to such extent as is necessary to ensure continued qualification as Tier 2 Own Funds, provided that the Margin shall never be negative. Finally, no substitute or successor rate will be adopted, nor will any other amendment to the terms of the Notes be made, if and to the extent that the same would cause the Notes to cease qualifying as Tier 2 Own Funds of the Issuer.

The Independent Adviser and the Issuer 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 Rate and any adjustments made thereto and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario. This would mean that the Independent Adviser and/or the Issuer 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 Independent Adviser and/or the Issuer to be considered an 'administrator' under the Benchmark Regulation, the determined Reset Rate and any adjustments made thereto 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 Rate and any adjustments made 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

Independent Adviser and the Issuer 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 based on the rate which was last observed on the relevant Screen Page, may apply to the Notes until the time that registration, authorised registration or endorsement of the relevant administrator has been completed or a substitute or successor rate for the 5 Year Mid-Swap Rate (or any component customarily used in the determination thereof) is available.

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 Notes and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

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 Notes.

Limitation on gross-up obligation under the Notes

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

As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes 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 Notes, Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes may be adversely affected. In addition, any payment of Additional Amounts may be subject to optional or mandatory deferral by the Issuer in accordance with Condition 3.8 (see *Deferral of interest payments* above).

General risks relating to the Notes

Independent review and advice

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

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

The Notes may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this 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 Notes and the impact the Notes will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, bearing in mind that the currency for principal or interest payments may be different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;

- 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 Notes.

The Notes 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 Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legality of purchase

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

Modification, waivers and substitution

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

Regulatory and legal investment considerations may restrict certain investments

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

Taxation

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

The tax impact on Noteholders generally in the Netherlands is summarised under the section entitled "Taxation" below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. Potential investors cannot rely upon such tax summary contained in this Offering Circular but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only this adviser is in a position to duly consider the specific situation of the potential investor.

Announced tax initiatives of the Dutch government

On 10 October 2017, the Dutch government released its coalition agreement (*regeerakkoord*) 2017-2021 (the **Coalition Agreement**). The Coalition Agreement does not include concrete legislative proposals, but instead sets out a large number of policy intentions of the Dutch government. On 23 February 2018, the Dutch State Secretary for Finance published a letter with an annex containing further details on the government's policy intentions against tax avoidance and tax evasion. These intentions have been included in the Tax Plan 2019 (*Pakket Belastingplan 2019*) and related legislative proposals as published by the Dutch government on 18 September 2018. Two policy intentions in particular may become relevant in the context of the Dutch tax treatment of the Issuer, the Notes, and/or payments under the Notes.

One of the policy intentions is the introduction of a withholding tax on interest payments made to beneficiaries in low tax jurisdictions and non-cooperative jurisdictions, as of 2021. The Coalition Agreement and the annex to the letter suggest that this interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to a group entity in a low tax or non-cooperative jurisdiction. This intention is reconfirmed in the letter of the Dutch State Secretary for Finance of 15 October 2018. However, it cannot be ruled out that, contrary to the information publicly available to date, it will have a wider application and, as such, it could potentially be applicable to interest payments on the Notes. It is currently not expected that the introduction of this interest withholding tax would trigger the conditions for redemption under Condition 4.3 (*Optional Early Redemption for Taxation Reasons*) pursuant to which the Issuer may redeem the Notes.

Another policy intention relates to the introduction of a thin capitalisation rule that would limit the deduction of interest on debt exceeding 92% of the commercial balance sheet total. Many aspects of this policy intention remain unclear, but if this rule is implemented in Dutch law it 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 introduction of this thin capitalisation rule does not trigger the conditions for redemption under Condition 4.3 (*Optional Early Redemption for Taxation Reasons*) pursuant to which the Issuer may redeem the Notes.

Change of law

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

Many of the defined terms in the Terms and Conditions of the Notes depend on the final interpretation and implementation of Solvency II and the introduction of other Applicable Regulations. Further, the Relevant Supervisory Authority may interpret the Applicable Regulations, or exercise discretion accorded to the regulator under the Applicable Regulations in a different manner than expected. The manner in which many of the concepts and requirements under Applicable Regulations 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 Notes. 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 Notes. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Notes.

Liquidity risks and market value of the Notes

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

Credit ratings may not reflect all risks

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

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

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

An active trading market for the Notes may not develop

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

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

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

The market value of the Notes 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 Notes and the price, if any, at which securities dealers may be willing to purchase or sell the Notes in the secondary market. Such factors include any credit ratings assigned to the Issuer and the Notes (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 Notes, the Rate of Interest applicable to the Notes from time to time, exchange rates and macro-economic, political, regulatory or judicial events which affect the Issuer or the markets in which it operates.

Exchange rate risks and exchange controls

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

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

Holders of Notes held through Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders

The Notes will be represented on issue by a Global Note that will be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in such Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in a Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by a Global Note, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in a Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Noteholders may not receive and may not be able to trade Notes in definitive form

It is possible that the Notes may be traded in amounts that are not integral multiples of EUR 100,000. In such a case, a Noteholder who, as a result of trading such amounts, holds an amount which is less than EUR 100,000 in its account with the relevant clearing system in case Notes in definitive form are issued may not receive a Note in definitive form in respect of such holding (should Notes in definitive form be issued) and may need to purchase a principal amount of Notes such that its holding amounts to at least EUR 100,000. If Notes in definitive form are issued, Noteholders should be aware that Notes in definitive form which have a denomination that is not an integral multiple of EUR 100,000 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.

IMPORTANT INFORMATION

Responsibility

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

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

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

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

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

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

Offering Restrictions

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

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

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

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 Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (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 Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of sales to EEA retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). 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 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA) - In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded 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).

Miscellaneous

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

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

In connection with the issue of the Notes, HSBC Bank plc (the **Stabilising Manager**) (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, 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 Notes 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been filed with Euronext Dublin, shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(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 articles of association (*statuten*) of the Issuer dated 31 December 2013 (the **Articles of Association**).

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.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference. Furthermore, this Offering Circular and all of the documents which are deemed to be incorporated herein by reference will be available on the website of the Issuer: www.asrnederland.nl. Written or oral requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular.

OVERVIEW OF PRINCIPAL FEATURES OF THE NOTES

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

Issuer	ASR Nederland N.V.
Issue	€500,000,000 Fixed to Fixed Rate Subordinated Notes due 2049.
Issue Date	2 May 2019.
Maturity Date	2 May 2049, subject to the Prior Approval of the Relevant Supervisory Authority and as further set out below under "Conditions to Redemption" and "Deferral of Redemption Date".
First Reset Date	2 May 2029.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of the Notes. These are set out under "*Risk Factors*".
Status and Subordination	The Notes and the Coupons rank *pari passu* and without any preference among themselves and constitute unsecured and subordinated obligations of the Issuer, ranking (a) junior to the claims of all Senior Creditors of the Issuer, (b) *pari passu* with claims in respect of any Parity Obligations and (c) in priority to claims in respect of (i) any Equity Securities and (ii) any Junior Obligations.
Interest	Subject to Condition 3.8, the Notes will bear interest (i) from (and including) the Issue Date to (but excluding) the First Reset Date, at a fixed rate of 3.375 per cent. per annum, payable annually in arrear on 2 May in each year (each an **Interest Payment Date**), commencing on 2 May 2020 and (ii) from (and including) the First Reset Date at a reset rate per annum calculated once every five years on the basis of the 5 Year Mid-Swap Rate plus a margin of 4.00 per cent., payable annually in arrear on each Interest Payment Date.
Benchmark Replacement	If a Benchmark Event occurs in relation to the 5 Year Mid-Swap Rate when any Reset Rate (or any component part thereof) remains to be determined by reference to such 5 Year Mid-Swap Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread if any and any Benchmark Amendments (in each case in accordance with Condition 3.4).
Deferral of Interest	On any Optional Interest Deferral Date, the Issuer may elect to defer payment of all (but not some only) of the interest accrued to that date,

and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

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

Any interest not paid on an Optional Interest Deferral Date or a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.8, together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute **Arrears of Interest** and shall be payable in accordance with Condition 3.8(iii).

Arrears of Interest themselves shall not bear interest.

Optional Early Redemption

The Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, and subject to having given prior notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued (including Arrears of Interest) to the date fixed for redemption on the date falling three (3) months prior to the First Reset Date and on any date thereafter up to and including the First Reset Date and on any Interest Payment Date falling thereafter.

Optional Early Redemption following a Gross-Up Event

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

Optional Early Redemption in case of Tax Deductibility Event

If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in Dutch law or regulation, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date, payments of interest payable by the Issuer in respect of the Notes would no longer be deductible in whole or in part, other than as a result of Coalition Agreement Deductibility Event, and that this cannot be avoided by the Issuer taking reasonable measures available to it at the time, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, and subject to having given prior notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part, at any time at their principal amount together with all interest accrued (including Arrears of Interest) to the date fixed for redemption, provided that redemption will not take place before the latest practicable date on which the Issuer could make such payment with the interest payable being tax deductible in the Netherlands.

Exchange or Variation for Taxation Reasons

If at any time the Issuer determines that a Tax Event has occurred with respect to the Notes on or after the Issue Date and is continuing, the Issuer may, instead of redeeming the Notes in the manner described above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for new notes (the **Exchanged Notes**), or (ii) vary the terms of all but not some only of the Notes (the **Varied Notes**), so that in either case a Tax Event no longer exists.

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

Optional Early Redemption for Regulatory Reasons

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

Regulatory Event means that, on or after the Issue Date, (i) the Issuer is subject to consolidated regulatory supervision by the Relevant Supervisory Authority and (ii) as a result of any replacement of or change to (or change to the interpretation by the Relevant Supervisory Authority or any court or authority entitled to do so) the Applicable Regulations on or after the Issue Date, at any time whilst any of the Notes are outstanding the whole or any part of the Notes can no longer be treated as at least Tier 2 Own Funds for the purposes of the Issuer or the Group, whether on a solo or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

Exchange or Variation for Regulatory Reasons

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

Any such exchange or variation is subject to certain specified conditions (including the Prior Approval of the Relevant Supervisory

Authority), shall be binding on the Noteholders and shall be notified to them as soon as practicable thereafter.

Optional Early Redemption for Rating Reasons

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

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

Rating Agency means S&P Global Ratings Europe Limited or any successor.

Exchange or Variation for Rating Reasons

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

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

Conditions to Redemption and/or Purchase

The Notes may not be redeemed on the Maturity Date or pursuant to any of the optional early redemption provisions referred to above or purchased pursuant to the purchase provision referred to below if (i) a Regulatory Deficiency Event has occurred and is continuing on the redemption date or purchase date or such redemption or purchase would itself cause a Regulatory Deficiency Event, (ii) the Issuer is not Solvent prior to the relevant redemption date or purchase date or such redemption or purchase would itself cause the Issuer no longer to be Solvent or (iii) an Insolvent Insurer Liquidation has occurred and is continuing on the relevant redemption date or purchase date, except in the case of (i) above if:

(i) the Relevant Supervisory Authority has exceptionally waived the deferral of such principal payment;

(ii) the Notes are exchanged for or converted into other Tier 1 Own Funds or Tier 2 Own Funds of at least the same quality; and

(iii) the Minimum Capital Requirement will be complied with immediately after the redemption or purchase is made.

In the case of an optional early redemption referred to above or purchase of the Notes by the Issuer referred to below, that is within five years from the Issue Date, 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 Notes, if the Applicable Regulations make a redemption or purchase conditional thereon, or as otherwise permitted under the Applicable Regulations.

Deferral of Redemption Date

Noteholders will be notified if redemption of the Notes shall be deferred as a result of the occurrence and continuation of a Mandatory Redemption Deferral Event.

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

(i) the date falling ten (10) Business Days after the date the Mandatory Redemption Deferral Event has ceased (unless on such 10th Business Day a further Mandatory Redemption Deferral Event has occurred and is continuing), subject to Prior Approval of the Relevant Supervisory Authority having been obtained after the Mandatory Redemption Deferral Event has ceased to exist; or

(ii) the date falling ten (10) Business Days after the Relevant Supervisory Authority has agreed to the repayment or redemption of the Notes; or

(iii) the date on which the liquidation (as described in Condition 8) of the Issuer occurs.

Purchase of Notes by the Issuer

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

Enforcement events

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

	Liquidation may occur as a result of the winding-up of the Issuer (*ontbinding en vereffening*), bankruptcy (*faillissement*) of the Issuer, the suspension of payments (*surseance van betaling*) being applied to the Issuer if that constitutes a liquidation.
Meetings of Noteholders	Condition 9 contains provisions for calling meetings of Noteholders to consider matters affecting their interests. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
Form	The Notes will initially be represented by a Temporary Global Note, without interest coupons, which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable for interests in a Permanent Global Note upon certification as to non-US beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances. See *Summary of Provisions relating to the Notes while in Global Form*.
Denomination	The Notes will be issued in the denomination of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000.
Listing	Admission to listing on the Official List and to trading on GEM of Euronext Dublin.
Ratings	The Notes are expected to be assigned on issue a rating of BBB- 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. A suspension, reduction or withdrawal of a credit rating assigned to the Issuer may adversely affect the market price of the Notes.
Governing Law	The Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes and the Coupons are governed by and shall be construed in accordance with the laws of the Netherlands.
Use of Proceeds	The net proceeds of the Notes will be used to fund the purchase of Loyalis and for general corporate purposes of the Group.
ISIN	XS1989708836.
Common Code	198970883.
Selling Restrictions	There are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, the EEA, the Netherlands, Singapore, Canada, Italy and Hong Kong. See *Subscription and Sale*.

TERMS AND CONDITIONS OF THE NOTES

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

The €500,000,000 Fixed to Fixed Rate Subordinated Notes due 2049 (the **Notes**) of ASR Nederland N.V. (the **Issuer**) are issued subject to and have the benefit of an agency agreement dated 2 May 2019 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer and Deutsche Bank AG, London Branch as fiscal agent and paying agent (the **Fiscal Agent**) and as calculation agent (the **Calculation Agent**) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the **Paying Agents**).

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

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

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

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

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

1.2 Title

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

1.3 Holder Absolute Owner

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

2. STATUS OF THE NOTES

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

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

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

Junior Obligations means any present and future security or obligation which counts on issue as Tier 1 Own Funds of the Issuer and any other securities or obligations of the Issuer that rank or are expressed to rank junior to Parity Obligations or equally and rateably with Tier 1 Own Funds 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), 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 the Perpetual Restricted Tier 1 Contingent Convertible Securities issued by the Issuer on 19 October 2017 (ISIN: XS1700709683) (in each case whether or not such securities count as Tier 1 Own Funds at the time).

Parity Obligations means the Fixed to Fixed Rate Undated Subordinated Notes issued by the Issuer on 26 September 2014 (ISIN: XS1115800655) and the Fixed to Fixed Rate Subordinated Notes due 2045 issued by the Issuer on 29 September 2015 (ISIN: XS1293505639) and any present and future subordinated security or obligation of the Issuer that ranks or is expressed to rank equally and rateably with the Notes.

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

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

Tier 1 Own Funds has the meaning given to such term by the Applicable Regulations from time to time.

3. INTEREST

3.1 General

Subject to Condition 3.8, the Notes shall bear interest on their principal amount from (and including) the Issue Date, to (but excluding) the First Reset Date, at a fixed rate of 3.375 per cent. per annum (the **Initial Interest Rate**), payable annually in arrear on 2 May in each year (each an **Interest Payment Date**), commencing on 2 May 2020 until (and including) the First Reset Date.

In respect of each successive five-year period from (and including) the First Reset Date, the first five-year period commencing on (and including) the First Reset Date and ending on (but excluding) the fifth anniversary thereof (each a **Relevant Five-Year Period**), subject to Condition 3.8, the Notes shall bear interest on their principal amount at a reset rate per annum as is equal to the sum of the Relevant Five-Year Reset Rate plus a margin of 4.00 per cent. (the **Margin**), as determined by the Calculation Agent on each Reset Rate Determination Date (the **Reset Rate**), payable annually in arrear on each Interest Payment Date, commencing on 2 May 2030.

For the purpose hereof:

5 Year Mid-Swap Rate means the mid swap rate for euro swap transactions with a maturity of five years.

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

First Reset Date means the Interest Payment Date falling on 2 May 2029.

Issue Date means 2 May 2019.

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

Relevant Five-Year Reset Rate means the 5 Year Mid-Swap Rate displayed on the Screen Page at or around 11.00 a.m. (Central European Time) on the Reset Rate Determination Date. If the 5 Year Mid-Swap Rate does not appear on that page, the Relevant Five-Year Reset Rate shall instead be equal to the arithmetic mean (expressed as a percentage and rounded, if necessary, to the nearest 0.0001 per cent. (0.00005 per cent. being rounded upwards)) of the quotations provided by the principal office of each of four major banks in the euro swap market of the rates at which swaps in euro are offered by it at approximately 11.00 a.m. (Central European Time) on the Reset Rate Determination Date to participants in the euro swap market for a five-year period all as determined by the Calculation Agent. If the Relevant Five-Year Reset Rate is still not determined on the Reset Rate Determination Date in accordance with the foregoing procedures, the Relevant Five-Year Reset Rate shall be the 5 Year Mid-Swap Rate that appeared on the most recent Screen Page that was last available prior to 11:00 a.m. (Central European Time) on the Reset Rate Determination Date, as determined by the Calculation Agent.

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

Screen Page means Bloomberg page "EUSA5" (or such other page or service as may replace that page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates).

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

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

3.2 Interest Accrual

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

3.3 Interest Amount

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

For the purpose hereof:

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

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

3.4 **Benchmark replacement**

(i) Independent Adviser

If a Benchmark Event occurs in relation to the Original Reference Rate when any Reset Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 3.4(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 3.4(iii)) and any Benchmark Amendments (in accordance with Condition 3.4(iv)).

An Independent Adviser appointed pursuant to this Condition 3.4(i) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 3.4.

Any reference in this Condition 3.4 to consultation by the Issuer with an Independent Adviser shall only apply if an Independent Adviser has been appointed by the Issuer pursuant to this Condition 3.4(i).

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 3.4(iii)) subsequently be used in place of the Original Reference Rate to determine the Reset Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 3.4); or

(B) there is no Successor Rate but there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 3.4(iii)) subsequently be used in place of the Original Reference Rate to determine the Reset Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 3.4).

(iii) *Adjustment Spread*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Rate, as applicable, will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 3.4 and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer may, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in a notice given in accordance with Condition 3.4(v).

In connection with any such variation in accordance with this Condition 3.4(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 3.4 will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent and, in accordance with Condition 10, the Noteholders and Couponholders, provided that failure to provide such notice will have no impact on the effectiveness of, or otherwise invalidate, any such determination. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 3.4; and

(B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders and Couponholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 3.4(i), (ii), (iii) and (iv) the Original Reference Rate and the fallback provisions provided for in the definition of Relevant Five-Year Reset Rate will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments, in accordance with Condition 3.4(v).

(vii) *Qualification as Tier 2 Own Funds*

If the operation of the above provisions would cause the Notes to cease qualifying as Tier 2 Own Funds by reason of the level of the substitute or successor rate (as confirmed by a certificate signed by two (2) Authorised Signatories of the Issuer), the Margin will be adjusted to such extent as is necessary (as confirmed by the same certificate signed by two Authorised Signatories of the Issuer) to ensure continued qualification as Tier 2 Own Funds, provided that the Margin shall never be negative.

Notwithstanding any other provision of this Condition 3.4, no substitute or successor rate will be adopted, nor will any other amendment to the terms of the Notes be made, if and to the extent that, as confirmed by a certificate signed by two Authorised

Signatories of the Issuer, the same would cause the Notes to cease qualifying as Tier 2 Own Funds of the Issuer under the Applicable Regulations.

Any certificate referred to above signed by two Authorised Signatories of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the holders of the Notes 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.

For the purpose hereof:

Adjustment Spread means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(B) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be) (or if the Issuer determines that no such industry standard is recognised or acknowledged);

(C) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

Alternative Rate means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 3.4(ii) which has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in Euros.

Authorised Signatories means any two (2) of the members of the managing board of the Issuer.

Benchmark Amendments has the meaning given to it in Condition 3.4(iv).

Benchmark Event means:

(A) the Original Reference Rate ceasing be published for a period of at least five (5) Business Days or ceasing to exist; or

(B) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six (6) months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six (6) months, be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the Original Reference Rate that means that the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six (6) months; or

(E) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any holder of the Notes using the Original Reference Rate.

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 3.4(i).

Original Reference Rate means the 5 Year Mid-Swap Rate or any component customarily used in the determination thereof.

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the Euro, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the Euro, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

3.5 Publication of Reset Rate and Interest Amount

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

3.6 Determinations of Calculation Agent binding

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

3.7 Calculation Agent

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

Notice of any change of Calculation Agent or any change of specified office shall be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 and, so long as the Notes are listed on the Global Exchange Market of The Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**), and if the rules applicable to such stock exchange so require, to such stock exchange.

3.8 Interest Deferral

(i) Optional Interest Deferral Dates

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

(ii) Mandatory Interest Deferral Dates

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

(iii) Arrears of Interest

Any interest in respect of the Notes not paid on an Optional Interest Deferral Date or a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.8(i) or 3.8(ii), together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute **Arrears of Interest**. Arrears of Interest may at the option of the Issuer, subject to the Prior Approval of the Relevant Supervisory Authority, be paid in whole or (in accordance with sub-paragraph (v) below) in part at any time upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Fiscal Agent and, in accordance with Condition 10, the Noteholders, but all Arrears of Interest in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

(A) the next Interest Payment Date which is not a Mandatory Interest Deferral Date on which a payment of interest is made; or

(B) the next Interest Payment Date which is a Compulsory Interest Payment Date; or

(C) the date fixed for any redemption or purchase of the Notes in accordance with Condition 4 or Condition 8; or

(D) the date on which an order is made or a resolution is passed for the liquidation (as described in Condition 8) of the Issuer (other than a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (i) have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders and (ii) do not provide that the Notes shall thereby become payable),

provided that, for the avoidance of doubt, on the date on which such Arrears of Interest are to be paid pursuant to (A), (B) or (C) above no Mandatory Interest Deferral Event has occurred and is continuing.

For the avoidance of doubt, Arrears of Interest themselves shall not bear interest.

(iv) Notice of Deferral

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

(A) if that Interest Payment Date is an Optional Interest Deferral Date in respect of which the Issuer elects to defer interest as provided in Condition 3.8(i); and

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

So long as the Notes are listed on Euronext Dublin and the rules of such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange. If a Mandatory Interest Deferral Event occurs less than five (5) Business Days prior to Interest Payment Date, the Issuer shall give notice of such deferral to the Fiscal Agent and, in accordance with Condition 10, the Noteholders as soon as reasonably practicable following the occurrence of such event. Failure to give notice, however, shall not have any impact on the effectiveness of, or otherwise invalidate, any such deferral of payment of interest or give the Noteholders any rights as a result of such failure.

(v) Partial Payment of Arrears of Interest

If amounts in respect of Arrears of Interest are paid in part:

(A) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period; and

(B) the amount of Arrears of Interest payable in respect of any Note in respect of any period, shall be *pro rata* to the total amount of all unpaid Arrears of Interest accrued in respect of that period to the date of payment.

(vi) Definitions

In this Condition 3.8 and for the purposes of the Conditions:

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

Assets means the non-consolidated gross assets of the Issuer as shown by the then latest published balance sheet of the Issuer but adjusted for contingencies and for subsequent events and to such extent as the managing board, or as the case may be, the administrator, receiver, liquidator, examiner or similar official may determine to be appropriate.

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

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

Insurance Group means the Issuer and its subsidiaries.

Liabilities means the non-consolidated gross liabilities of the Issuer as shown by the then latest published balance sheet of the Issuer, but adjusted for contingences and for subsequent events and to such extent as the managing board, the auditors, or as the case may be, the administrator, receiver, liquidator, examiner or similar official may determine to be appropriate.

Mandatory Interest Deferral Date means each Interest Payment Date prior to which a Mandatory Interest Deferral Event has occurred and where such Mandatory Interest Deferral Event is continuing on such Interest Payment Date.

Mandatory Interest Deferral Event means (x) a Regulatory Deficiency Event has occurred and such Regulatory Deficiency Event is continuing or (y) the payment (in whole or in part) of interest would in itself cause a Regulatory Deficiency Event to occur or the Issuer determines that it is not, or as a result of the payment of such interest (in whole or in part) would not be, Solvent, provided, however, that the occurrence of (x) or (y) above will not constitute a Mandatory Interest Deferral Event if:

(i) the Relevant Supervisory Authority has exceptionally waived the deferral of such interest payment and/or payment of Arrears of Interest;

(ii) paying the interest and/or Arrears of Interest does not further weaken the solvency position of the Issuer as determined in accordance with the Applicable Regulations; and

(iii) the Minimum Capital Requirement will be complied with immediately after the interest payment and/or payment of Arrears of Interest is made.

Minimum Capital Requirement means the minimum consolidated group Solvency Capital Requirement referred to in the Applicable Regulations from time to time or any other meaning as may be given thereto in the Applicable Regulations.

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

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

Regulatory Deficiency Event means that (i) the amount of eligible 'own fund-items' (or any equivalent terminology employed by the then applicable Applicable Regulations) of the Issuer on a consolidated basis to cover the Solvency Capital Requirement or the Minimum Capital Requirement is, or as a result of a payment would become, not sufficient to cover such Solvency Capital Requirement or Minimum Capital Requirement; or (ii) (if required or applicable in order for the Notes to qualify as regulatory capital of the Issuer on a consolidated basis under the Applicable Regulations from time to time) the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial and/or solvency condition of the Issuer on a consolidated basis, that in accordance with the Applicable Regulations at such time the Issuer must take specified action in relation to deferral of payments of principal and/or interest under the Notes.

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).

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

Solvent means the Issuer is (i) able to pay its debts owed under Senior Obligations and under Parity Obligations as they fall due and (ii) its Assets exceed its Liabilities (other than its Liabilities under Junior Obligations).

Tier 2 Own Funds has the meaning given to such term by the Applicable Regulations from time to time.

4. REDEMPTION AND PURCHASE

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

4.1 Maturity Date

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount, together with all interest accrued (including Arrears of Interest) to the date fixed for redemption, on 2 May 2049 (the **Maturity Date**), subject to (i) the Prior Approval of the Relevant Supervisory Authority and (ii) Condition 4.10. The Issuer undertakes that, if in absence of the Prior Approval of the Relevant Supervisory Authority or as a result of Condition 4.10, the Notes may not be redeemed on the Maturity Date, the Issuer will redeem the Notes as soon as practicable after such conditions have ceased to be an impediment to such redemption, and the Issuer will inform the Fiscal Agent and, in accordance with Condition 10, the Noteholders of the date fixed for redemption.

Except as provided under Condition 4.2, 4.3, 4.5 or 4.7 or if a liquidation (as described in Condition 8) of the Issuer occurs, the Notes may not be redeemed before the Maturity Date.

4.2 Optional Early Redemption

The Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and subject to having given not more than 45 nor less than 30 days’ prior notice to the Fiscal Agent and, in accordance with Condition 10, the Noteholders (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued (including Arrears of Interest) to the date fixed for redemption on the date falling three (3) months prior to the First Reset Date and on any date thereafter up to and including the First Reset Date and on any Interest Payment Date falling thereafter.

4.3 Optional Early Redemption for Taxation Reasons

(1) If at any time, by reason of a change in any Dutch law or regulation, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts as specified in Condition 6 (a **Gross-Up Event**), the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and subject to having given not more than 45 nor less than 30 days' prior notice to the Fiscal Agent and, in accordance with Condition 10, the Noteholders (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at any time at their principal amount, together with all interest accrued (including Arrears of Interest) to the date fixed for redemption, provided that the due date for redemption shall be no

earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding for Dutch taxes.

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

Coalition Agreement Deductibility Event means a Tax Deductibility Event that arises solely by the implementation of the thin capitalisation rule for banks and insurance companies on the terms as set out in the draft legislation as published by Dutch government on 18 March 2019 as part of the consultation paper regarding the thin capitalisation rule.

4.4 Exchange or Variation for Taxation Reasons

If at any time the Issuer determines that a Tax Event has occurred with respect to the Notes on or after the Issue Date and is continuing, the Issuer may, instead of redeeming the Notes in accordance with Condition 4.3 above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for new notes (the **Exchanged Notes**), or (ii) vary the terms of all but not some only of the Notes (the **Varied Notes**), so that in either case a Tax Event no longer exists. Any such exchange or variation following the occurrence of a Tax Event is subject to the following conditions:

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

(ii) the Prior Approval of the Relevant Supervisory Authority; and

(iii) the Exchanged Notes or the Varied Notes qualify as Qualifying Securities.

As used herein, **Qualifying Securities** means securities (other than the Notes):

(i) having terms (including terms providing for deferral of payment of interest and/or principal) that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank, consulting firm or comparable expert of international standing on the subject and provided that a certification to such effect of the Issuer, represented by at least one member of the managing board of the Issuer, shall have been delivered to the Fiscal Agent prior to the issue of the Exchanged Notes or the variation of the Notes to Varied Notes or them otherwise becoming obligations of the Issuer);

(ii) issued by or otherwise being obligations of the Issuer or another member of the Group (but excluding a Group Insurance Undertaking) with a guarantee by the Issuer, such that investors have the same material rights and claims as under the Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of the Issuer, represented by at least one member of the managing board, shall have been delivered to the Fiscal Agent prior to the issue of the Exchanged Notes or the variation of the Notes to Varied Notes or them otherwise becoming obligations of the Issuer or such other member of the Group);

(iii) ranking at least equal to the Notes, provided that in the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling*)), dissolution (*ontbinding*) or liquidation (*vereffening*) of the relevant issuer, the payment obligations of such issuer shall rank in right of payment after unsubordinated and unsecured creditors of such issuer, but *pari passu* with all other subordinated obligations of such issuer save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior to such securities, and in priority to the claims of shareholders of such issuer, and featuring the same principal amount, interest rate (including applicable margins and step-up), interest payment dates and optional redemption dates as the Notes;

(iv) containing terms which preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to the timing of, and amounts payable on, such redemption;

(v) which qualify as Tier 2 Own Funds of the Issuer or the Group;

(vi) which do not contain any terms providing for loss absorption through principal write-down or conversion to shares;

(vii) listed on a stock exchange in the European Economic Area, if the Notes were listed prior to such exchange or variation; and

(viii) admitted to, and traded in, the same clearing system or clearing systems as the Notes were.

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

In the case of Notes exchanged in accordance with this Condition 4.4, Arrears of Interest accrued on the Notes originally issued will be paid by the relevant issuer pursuant to the conditions of such Exchanged Notes.

4.5 Optional Early Redemption for Regulatory Reasons

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

For the purpose of this Condition 4.5 and Condition 4.6 below, **Regulatory Event** means that, on or after the Issue Date, (i) the Issuer is subject to consolidated regulatory supervision by the

Relevant Supervisory Authority and (ii) as a result of any replacement of or change to (or change to the interpretation by the Relevant Supervisory Authority or any court or authority entitled to do so) the Applicable Regulations on or after the Issue Date, at any time whilst any of the Notes are outstanding the whole or any part of the Notes can no longer be treated as at least Tier 2 Own Funds for the purposes of the Issuer or the Group, whether on a solo or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

4.6 Exchange or Variation for Regulatory Reasons

If at any time the Issuer determines that a Regulatory Event has occurred with respect to the Notes on or after the Issue Date and is continuing, the Issuer may, instead of redeeming the Notes in accordance with Condition 4.5 above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for Exchanged Notes, or (ii) vary the terms of all but not some only of the Notes, so that in either case the aggregate nominal amount of the Exchanged Notes or Varied Notes (as the case may be) is treated under the then Applicable Regulations as at least Tier 2 Own Funds of the Issuer or the Group. Any such exchange or variation is subject to the same conditions as in Condition 4.4 (with references to "Tax Event" read as references to "Regulatory Event") which shall apply *mutatis mutandis.*

In the case of Notes exchanged in accordance with this Condition 4.6, Arrears of Interest accrued on the Notes originally issued will be paid by the relevant issuer pursuant to the conditions of such Exchanged Notes.

4.7 Optional Early Redemption for Rating Reasons

If at any time, the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes on or after the Issue Date and is continuing, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and subject to having given not more than 45 nor less than 30 days' prior notice to the Fiscal Agent and, in accordance with Condition 10, the Noteholders, redeem the Notes in whole, but not in part at any time, at their principal amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption. This Condition 4.7 shall, however, be deemed not to apply in circumstances where its existence would give rise to a Regulatory Event.

For the purpose of this Condition 4.7 and Condition 4.8 below:

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

Rating Agency means S&P Global Ratings Europe Limited or any successor.

4.8 Exchange or Variation for Rating Reasons

If at any time, the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes on or after the Issue Date and is continuing, the Issuer may, instead of redeeming the Notes in accordance with Condition 4.7 above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for Exchanged Notes, or (ii) vary the terms of all but not some only of the Notes, so that in either case the equity content assigned by the Rating Agency to the Exchanged Notes or Varied

Notes (as the case may be) is at least the same as the equity content assigned to the Notes by such Rating Agency at or around the Issue Date. Any such exchange or variation is subject to the same conditions as in Condition 4.4 (with references to "Tax Event" read as references to "Rating Methodology Event") which shall apply *mutatis mutandis.*

In the case of Notes exchanged in accordance with this Condition 4.8, Arrears of Interest accrued on the Notes originally issued will be paid by the relevant issuer pursuant to the conditions of such Exchanged Notes.

4.9 Purchases

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

4.10 Conditions to Redemption and/or Purchase

The Notes may not be redeemed pursuant to Conditions 4.1, 4.2, 4.3, 4.5 and 4.7 or purchased pursuant to Condition 4.9 if (i) a Regulatory Deficiency Event has occurred and is continuing on the redemption date or purchase date or such redemption or purchase would itself cause a Regulatory Deficiency Event, (ii) the Issuer is not Solvent prior to the relevant redemption date or purchase date or such redemption or purchase would itself cause the Issuer no longer to be Solvent or (iii) an Insolvent Insurer Liquidation has occurred and is continuing on the relevant redemption date or purchase date. The occurrence of any of such conditions in respect of the Issuer shall constitute a **Mandatory Redemption Deferral Event**, provided, however that the occurrence of condition (i) above will not constitute a Mandatory Redemption Deferral Event if:

(i) the Relevant Supervisory Authority has exceptionally waived the deferral of such principal payment;

(ii) the Notes are exchanged for or converted into other Tier 1 Own Funds or Tier 2 Own Funds of at least the same quality; and

(iii) the Minimum Capital Requirement will be complied with immediately after the redemption or purchase is made.

In the case of a redemption or purchase pursuant to Condition 4.3, 4.5, 4.7 or 4.9 that is within five years from the Issue Date, 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 Notes, if the Applicable Regulations make a redemption or purchase conditional thereon, or as otherwise permitted under the Applicable Regulations.

For the purposes of these Conditions:

Group Insurance Undertaking means an insurance undertaking or a reinsurance undertaking of the Insurance Group;

Insolvent Insurer Liquidation means a liquidation of any Group Insurance Undertaking that is not a Solvent Insurer Liquidation;

insurance undertaking has the meaning given to such term in article 13 of the Solvency II Directive;

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;

reinsurance undertaking has the meaning given to such term in article 13 of the Solvency II Directive; and

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.

4.11 Deferral of Redemption Date

The Issuer shall notify the Noteholders in accordance with Condition 10 and the Fiscal Agent no later than five (5) Business Days prior to any date set for redemption of the Notes under Condition 4.1, 4.2, 4.3, 4.5 or 4.7 if such redemption is to be deferred as a result of the occurrence and continuation of a Mandatory Redemption Deferral Event. If a Mandatory Redemption Deferral Event occurs less than five (5) Business Days prior to the date set for redemption, the Issuer shall give notice of such deferral to the Fiscal Agent and, in accordance with Condition 10, the Noteholders as soon as reasonably practicable following the occurrence of such event. Failure to give notice, however, shall not have any impact on the effectiveness of, or otherwise invalidate, any such deferral of payment of principal or give the Noteholders any rights as a result of such failure.

If redemption of the Notes does not occur on the date set out in Condition 4.1 or the date specified in the notice of redemption by the Issuer under Condition 4.2, 4.3, 4.5 or 4.7 as contemplated by this Condition 4.10, the Issuer shall redeem such Notes at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest, upon the earliest of:

(i) the date falling ten (10) Business Days after the date the Mandatory Redemption Deferral Event has ceased (unless on such 10th Business Day a further Mandatory Redemption Deferral Event has occurred and is continuing, in which case the provisions of this Condition 4.11 will apply *mutatis mutandis* to determine the due date for redemption of the Notes), subject to Prior Approval of the Relevant Supervisory Authority having been obtained after the Mandatory Redemption Deferral Event has ceased to exist; or

(ii) the date falling ten (10) Business Days after the Relevant Supervisory Authority has agreed to the repayment or redemption of the Notes; or

(iii) the date on which the liquidation (as described in Condition 8) of the Issuer occurs.

5. PAYMENTS

5.1 Method of Payment

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

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

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

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

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to (i) any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments to the Issuer or the relevant Paying Agent, but without prejudice to the provisions of Condition 6; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto (a **FATCA Withholding Tax**), and the Issuer will not be required to pay Additional Amounts on account of any FATCA Withholding Tax.

5.2 Payments on Business Days

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

5.3 Fiscal Agent, Paying Agents and Calculation Agent

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

Fiscal Agent, Principal Paying Agent and Calculation Agent

Deutsche Bank AG, London Branch

Winchester House

1 Great Winchester Street

London EC2N 2DB

United Kingdom

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or a Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Paying Agent acts, provided that there will at all times be a Fiscal Agent and a Paying Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 and, so long as the Notes are listed on Euronext Dublin and if the rules of such stock exchange so require, to such stock exchange.

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

6. TAXATION

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction unless such withholding or deduction is required by law.

If applicable law should require that payments of interest, but not in respect of principal, made by the Issuer in respect of any Note be subject to deduction or withholding in respect of any Taxes levied by the Relevant Jurisdiction, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note or, as the case may be, Coupons:

(i) **Other connection**: to, or to a third party on behalf of, a Noteholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Netherlands other than the mere holding of the Note or Coupon; or

(ii) surrendered for payment (where surrender is required) in the Relevant Jurisdiction; or

(iii) in circumstances where such withholding or deduction would not be required if the Noteholder or Couponholder 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 Noteholder or Couponholder would have been able to avoid such withholding or deduction; or

(iv) **Presentation more than thirty (30) days after the Relevant Date**: presented for payment more than thirty (30) days after the Relevant Date except to the extent that the Noteholder or Couponholder would have been entitled to such Additional Amounts on presenting it for payment on the last day of such period of thirty days; or

Notwithstanding the above, any amounts to be paid by the Issuer on the Notes 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.

As used in these Conditions:

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

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 Notes.

Any reference in these Conditions to interest shall be deemed to include any Additional Amounts.

7. PRESCRIPTION

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

8. ENFORCEMENT EVENTS

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

9. MEETINGS OF NOTEHOLDERS AND MODIFICATION

(a) Meetings of Noteholders

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

(b) Modification

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

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

10. NOTICES

(a) Notices to Noteholders will be valid if published in the English language in a leading newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*). So long as the Notes are listed on Euronext Dublin and the rules of such market so require, notices shall also be published through a press release which will also be made available on the website of the Issuer (www.asrnederland.nl) or Euronext Dublin's website, www.ise.ie.

(b) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe.

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

11. REPLACEMENT OF NOTES OR COUPONS

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

12. FURTHER ISSUES

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

13. GOVERNING LAW AND JURISDICTION

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

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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

1 Exchange

The Temporary Global Note is exchangeable in whole or in part for interests in the Permanent Global Note on or after a date which is expected to be 11 June 2019, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The Permanent Global Note is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Notes described below (i) if the Permanent Global Note is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of any Notes is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange the Permanent Global Note for Definitive Notes on or after the Exchange Date (as defined below) specified in the notice.

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

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

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

2 Payments

No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made against presentation and, if no further payment falls to be made in respect of the Notes, surrender of the Permanent Global Note to, or to the order of, the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Permanent Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. No payment will be made on the Permanent Global Note (or such part which is required to be exchanged) falling due after any Exchange Date, unless the exchange for Definitive Notes is improperly withheld or refused or the Issuer does not perform or comply with its obligations under any Definitive Note. Condition 6(iii) will apply to the Definitive Notes only.

3 Notices

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

4 Prescription

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

5 Meetings

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

6 Purchase and Cancellation

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

7 Electronic Consent and Written Resolution

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

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding (an **Electronic Consent** as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Note or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, **commercially reasonable evidence** includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds of the Notes will be used to fund the purchase of Loyalis and for general corporate purposes of the Group.

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 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.

Share Capital

As at the date of this Offering Circular, the issued share capital of the Issuer consists of 141,000,000 shares each of €0.16 in nominal value and as at the date of this Offering Circular amounts to €22,560,000. All of the issued share capital of the Issuer has been fully paid up.

As at 15 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*, **AFM**) register, the following investors have a 3.0% or higher interest in the company: Acadian Asset Management, BlackRock, BNP Paribas Asset Management Holding, JPMorgan, NN Group, Norges Bank and Standard Life.

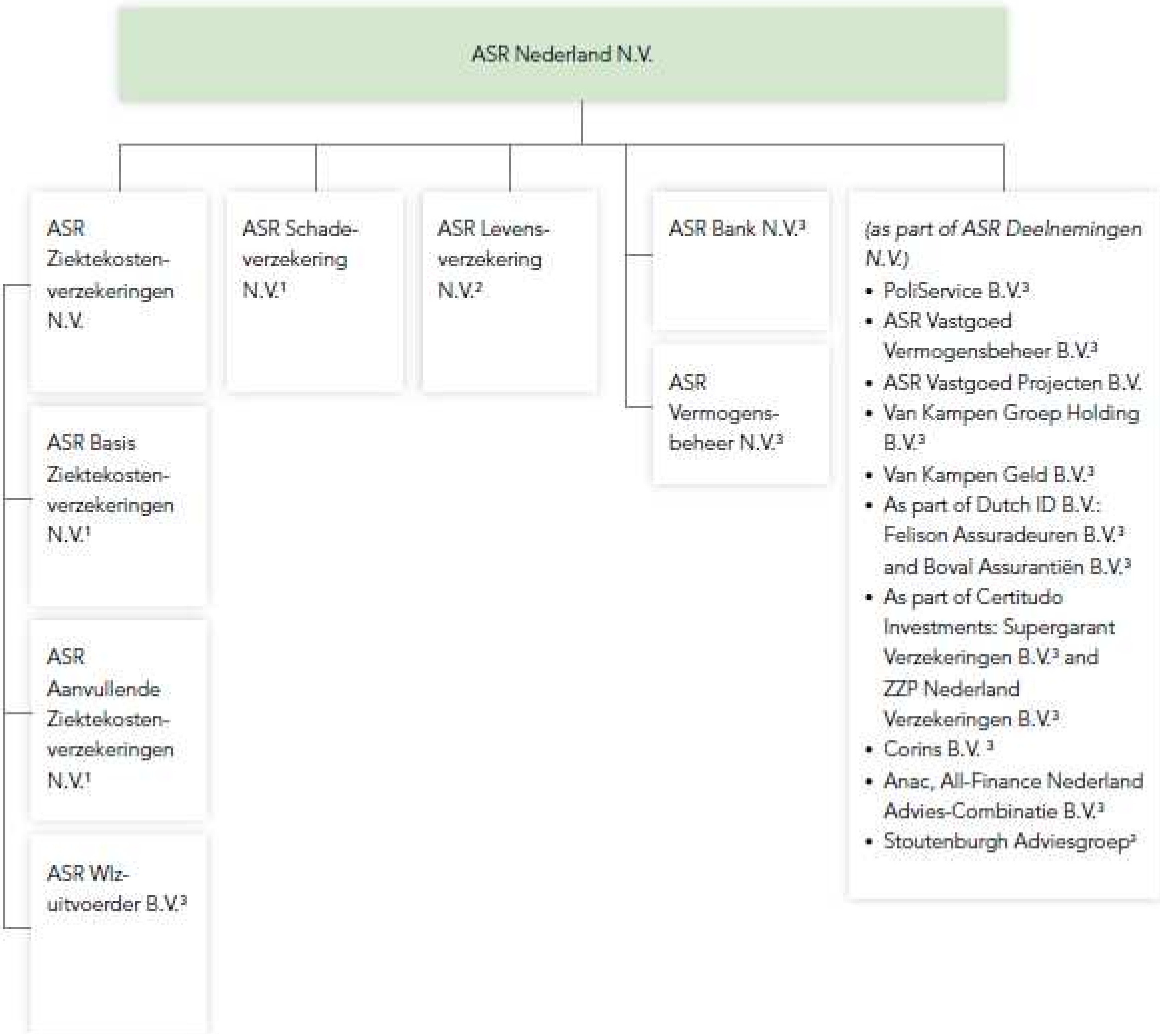
History of the Company

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 31 December 2018 is as follows:

Legal structure of the most significant a.s.r. group entities as per 31 December 2018



1 Registered non-life insurance companies.
2 Registered life insurance companies.
3 Other Wft registered companies (included in the segments Banking and Asset Management and Distribution and Services).

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 fifth[2] largest Life insurance provider in the Netherlands, as measured by gross written premium (**GWP**) in 2017 (*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 full year of 2018, the Group recorded GWP of €4,459 million and an operating result (before tax) of €742 million.

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 2018 was 32% of the Group's GWP.

<u>Non-life:</u> 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 2017 measured by GWP (*source: DNB*). In 2018, the Non-life segment accounted for approximately 20% of the Group's operating result (before tax) and recorded €3,014 million in GWP, representing 68% of the Group's GWP. As at 31 December 2018, shareholders' equity of the Non-life segment amounted to €1,374 million.

<u>Life:</u> The Life segment comprises three insurance product lines: Pensions, Individual life and Funeral. The Group was the fifth largest provider of Life insurance policies in 2017 (*source: DNB*). In 2018, the Life segment accounted for approximately 89% of the Group's operating result (before tax). The Life segment recorded €1,566 million GWP, representing 32% of the Group's GWP, and €119 million of new business measured by annual premium equivalent[3] (**APE**) in 2018. As at 31 December 2018, shareholders' equity of the Life segment amounted to €4,528 million.

<u>Banking and Asset Management:</u> 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 2018, it accounted for approximately 2% of the Group's operating result (before tax). As at 31 December 2018, assets under management for third parties amounted to €16 billion for a.s.r. vermogensbeheer (asset management) and a.s.r. real estate jointly. The ASR Hypotheekfonds (mortgages fund) has approximately €2 billion of committed external assets under management. As at 31 December 2018, shareholders' equity of the Asset Management segment amounted to €125 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

[2] Excluding the pending acquisition of Loyalis N.V. (see "Recent developments").
[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.

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 regulator 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 3% of the Group's operating result (before tax) in 2018. As at 31 December 2018, the shareholders' equity of the Distribution and Services segment amounted to €184 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 downstreamed to the relevant business. 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 2018 amounted to a loss of €108 million. As at 31 December 2018, equity attributable to holders of equity instruments of the Holding and Other segment amounted to €749 million negative.

Real Estate Development: The Real Estate Development segment consists of the activities where property development occurs and includes ASR Vastgoed Projecten B.V. The Group no longer defines Real Estate Development as part of its core business, which is why this business is in run-off. The results from these activities are not included in the operating result. As at 31 December 2018, the shareholders' equity of the Real Estate Development segment amounted to €65 million.

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 two niche brands: Europeesche Verzekeringen 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;

Europeesche Verzekeringen: Under the Europeesche Verzekeringen brand, the Group sells travel and leisure insurance. Europeesche Verzekeringen insurance policies are sold exclusively via direct sales and online and through specialist partners, such as tour operators, sports federations and online channels. The Europeesche Verzekeringen brand primarily targets retail customers; 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 handling

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 info 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 40% 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 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 it's 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 of 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 first 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 announced on 4 December 2018) 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 up-streamed 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 197% at 31 December 2018, 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 31 December 2018	(in millions of EUR)
Tier 1 capital - unrestricted	5,379
Tier 1 capital - restricted	501
Tier 2 capital	1,044
Tier 3 capital	-0
EOF to meet SCR	6,924
Available headroom restricted Tier 1 capital	843
Available headroom Tier 2 + Tier 3 capital	718

The restricted Tier 1 capital and Tier 2 capital is composed of five hybrid loans (per 31-12-2018).

Solvency Capital Requirement

SCR was €3,523 million as at 31 December 2018. The SCR (before diversification) consists of €2,584 million of market risk and of €2,724 million of insurance risk. The MCR amounted to €1,585 million at 31 December 2018.

Own funds versus MCR

Eligible own funds to meet the MCR 2018	(in millions of EUR)
Tier 1 capital - unrestricted	5,379
Tier 1 capital - restricted	501
Tier 2 capital	317
Tier 3 capital	-
Eligible own funds to meet MCR	6,197

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 Notes in respect of the Notes 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) Figee (CFO)

In 2018, Chris Figee 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 Figee is responsible for Finance, Group Accounting, Reporting & Control, Group Balance Sheet Management, Group Asset Management and a.s.r. real estate.

Chris Figee 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 Figee began his career at Aegon N.V., where he held various positions, including that of Senior Portfolio Manager Fixed Income Aegon Life Insurance. Chris Figee's last position at Achmea Holding B.V. was Director of Group Finance.

Chris Figee was appointed as a member of the Executive Board on 1 May 2014. Current term of office: 2018 - 2022.

Chris Figee 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.

There is currently a vacancy for a position in the Executive Board.

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.
A.P. (Annet) Aris	Chair of the Selection & Appointment Committee and the Remuneration Committee, Member of the Audit & Risk Committee. Annet Aris had a 17-year career at McKinsey as a management consultant, including 9 years as a partner in the firm. She currently holds supervisory directorships at several Dutch and foreign enterprises and institutions. She is a member of the Supervisory Board of ASML N.V., Randstad Holding N.V. and Coöperatieve Rabobank U.A. (from 12 December 2018) in the Netherlands, She is also a member of the Supervisory Board of Jungheinrich AG in Germany and Thomas Cook PLC in London (until 2 February 2019). Annet Aris is Senior Affiliate of (digital) strategy at INSEAD international business school (Fontainebleau, France). Annet Aris is a Supervisory Board member recommended by the Works Council. First appointed on: 7 December 2010. Current term of office: 2014 – 2018 (AGM 2019).

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. First appointed on: 1 January 2016. Current term of office: 2016 – 2020
S. (Sonja) Barendregt	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

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 (*schrijnende 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 125 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, such as the Consumentenbond and Stichting Geldbelangen, 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.

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 4 December 2018, the Company and APG Groep N.V. have agreed that the Company will acquire all of the outstanding shares in Loyalis N.V. (**Loyalis**) and the assets and liabilities of Loyalis Sparen & Beleggen N.V. This acquisition will further strengthen 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 2017, Loyalis generated a premium income of €267 million, of which €161 million from Non-Life, primarily disability insurance and €106 million from Life insurance policies.

The acquisition price amounts to €450 million and will be paid in cash upon the expected completion of the transaction in the second quarter of 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 realising cost synergies that are included in de 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 31 December 2018 figures, the pro forma impact on the group Solvency II ratio at closing of the transaction amounts to minus 9%, reflecting net cash price, capital synergies and the alignment of assumptions. 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.

The works councils of both the Company and Loyalis have issued a positive advice on the acquisition. The acquisition has been approved by DNB and the ACM.

Changes to the management structure

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) has been established which consists of the members of the Executive Board, the Chief Risk Officer (CRO) and senior managers who represent a number of business areas.

The Company has operated very successfully in the past few years but considers the change in management structure necessary in order to deliver on the next steps in implementing the recently announced strategy and objectives. With the establishment of the BEC, the Company creates more direct involvement of the senior managers of the product lines in further strengthening the Company's innovative power. It will also enable the Company to act decisively with respect to potential inorganic opportunities. The new BEC ensures that we can directly involve the knowledge and skills of our senior management responsible for specific business areas in the decision-making process at board level. Whilst part of industry in motion, it is of great importance that the Company can respond quickly to opportunities that arise and efficiently anticipate constantly changing customer needs. The new member of the Executive Board will be announced as full clarity on this has been achieved.

The CRO also reports to the CEO and has an escalation possibility towards the Supervisory Board. The following business areas are represented in the BEC: Service Books (Individual Life & Funeral), Disability & Health Care, P&C, Mortgages, Pensions, Asset Management and Innovation & Digital.

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 finalise the transaction in the second half of 2019.

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.

TAXATION

THE NETHERLANDS

General

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

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this 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 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 Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (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 of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;

(iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Dutch Gift and Inheritance Tax Act 1956 (*Successiewet 1956*);

(v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative; and

(vi) individuals to whom Notes or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

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

Withholding Tax

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

Corporate and Individual Income Tax

(a) Residents of the Netherlands

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for 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 Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 51.75%) under the Dutch Income Tax Act 2001, if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies to the holder of the Notes, taxable income with regard to the Notes must be determined 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 Notes 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.

(b) Non-residents of the Netherlands

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

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

This income is subject to 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 Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is other than by way of securities entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) by an individual 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*). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's yield basis.

Gift and Inheritance Tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of the Notes by way of gift by, or on the death of, a holder of Notes, unless:

(i) the holder of the Notes 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 Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

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

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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

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

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

FOREIGN ACCOUNT TAX COMPLIANCE ACT

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 the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, 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 Notes, 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 Notes 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. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer will not be required to pay Additional Amounts as a result of the withholding.

HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING HOW THESE RULES MAY APPLY TO THEIR INVESTMENT IN THE NOTES

SUBSCRIPTION AND SALE

Each of ABN AMRO Bank N.V., Deutsche Bank AG, London Branch, HSBC Bank plc and UBS AG London Branch (together, the **Joint Lead Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 30 April 2019, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 98.944 per cent. of the principal amount of Notes (the **Issue Price**), less a combined management and underwriting commission. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer. In such event, no Notes will be delivered to the Joint Lead Managers.

United States

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

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

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

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

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the **FSMA**) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Prohibition of sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available to and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. 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 MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

The Netherlands

Each Manager has represented and agreed that the Notes are and may not be offered in the Netherlands other than to persons or entities who or which are qualified investors as defined in Section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Singapore

Each Joint Lead Manger 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, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes 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 Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of 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 Notes 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 or securities-based derivatives contracts (each term as defined in Section 2(1) of 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 Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the SFA - In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded 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).

Canada

The Notes 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 Notes 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.

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 Notes in the Republic of Italy. Accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes 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 Notes or distribution of copies of the Offering Circular or any other document relating to the Notes 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.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes 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

(ii) 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 Notes, 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 Notes 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.

General

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

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

GENERAL INFORMATION

Authorisation

The issue of the Notes was duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 9 April 2019 and a resolution of the Supervisory Board of the Issuer dated 12 April 2019.

Issue Date

The issue date of the Notes is expected to be on or about 2 May 2019.

Listing

This Offering Circular has been approved by Euronext Dublin as listing particulars. Application has been made to Euronext Dublin for the Notes 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.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the Global Exchange Market of Euronext Dublin.

Clearing Systems

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 198970883. The International Securities Identification Number (ISIN) for the Notes is XS1989708836.

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.

LEI

The Issuer's legal entity identifier (LEI) is 7245000G0HS48PZWUD53.

Yield

The effective yield of the Notes to the First Reset Date is 3.502 per cent. per annum. The yield is calculated at the Issue Date. An indication of yield after the First Reset Date cannot be given.

No significant change and material adverse change

There has been no significant change in the financial or trading position of the Group or the Issuer since 31 December 2018. There has been no material adverse change in the prospects of the Issuer since 31 December 2018.

Auditors

Ernst & Young Accountants LLP independent auditors, have audited, and rendered unqualified audit reports on the Issuer's financial statements for each of the financial years ended 31 December 2018 and 2017.

Ernst & Young Accountants LLP have given, and have not withdrawn, their written consent to the inclusion of their report and the references to themselves herein in the form and context in which they are included.

The auditors who sign on behalf of Ernst & Young Accountants LLP are members of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The business address of Ernst & Young Accountants LLP is Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands.

Documents available

Copies of the following documents will be available in electronic form free of charge, from the registered office of the Issuer and from the specified office of the Paying Agent for as long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange:

(a) the Articles of Association (*statuten*) of the Issuer;

(b) the publicly available audited consolidated annual financial statements of the Issuer for the two most recent financial years and consolidated interim financial statements of the Issuer;

(c) the Agency Agreement (including provisions for meetings of Noteholders); and

(d) this Offering Circular.

Interest material to the offer

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

Website

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

Litigation

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

Ratings

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

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

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