



VIVAT N.V.

(incorporated under the laws of the Netherlands with limited liability
and having its corporate seat in Utrecht, the Netherlands)

USD 575,000,000 Fixed to Fixed Rate Undated Subordinated Notes

The USD 575,000,000 Fixed to Fixed Rate Undated Subordinated Notes (the "**Notes**") are issued by VIVAT N.V. (the "**Issuer**" or "**VIVAT**"). The obligations of VIVAT under the Notes in respect of principal and interest constitute direct, unconditional, unsecured and subordinated obligations of VIVAT, ranking *pari passu* without any preference among themselves and (a) junior to the claims of all Senior Creditors of VIVAT, (b) *pari passu* with any Parity Obligations and (c) in priority to claims in respect of any Junior Obligations.

The Notes will bear interest (i) from (and including) 16 November 2017 (the **Issue Date**), to (but excluding) 16 November 2022 (the **First Call Date**), at a fixed rate of 6.250 per cent. per annum, payable semi-annually in arrear on 16 May and 16 November in each year, commencing on 16 May 2018 and (ii) from (and including) the First Call Date, at a reset rate per annum calculated once every five years on the basis of the mid swap rates for US dollar swap transactions with a maturity of five years plus (i) in respect of the first five-year period a margin of 4.174 per cent. and (ii) in respect of each five-year period after the first five-year period a margin of 5.174 per cent., payable semi-annually in arrear on 16 May and 16 November in each year, commencing on 16 May 2023. Payment of interest on the Notes may be deferred at the option of VIVAT, or shall be deferred under certain circumstances, as set out in Condition 3.7 (Interest - Interest Deferral) in *Terms and Conditions of the Notes*. Any interest not paid on an Optional Interest Payment Date or a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.7, together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute Arrears of Interest and shall be payable in accordance with Condition 3.7(iii) (Interest - Interest Deferral) in *Terms and Conditions of the Notes*.

VIVAT will have the right to redeem the Notes in whole, but not in part, on the First Call Date or on each fifth anniversary of the First Call Date thereafter, as defined in Condition 4.2 (Redemption and Purchase – Optional Early Redemption as from First Call Date) in *Terms and Conditions of the Notes*. VIVAT may also, at its option, redeem the Notes upon the occurrence of a Gross-Up Event, a Tax Deductibility Event, a Regulatory Event, a Rating Methodology Event or an Accounting 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*.

Application has been made to The Irish Stock Exchange PLC for the Notes to be admitted to the Official List and to trading on the *Global Exchange Market* of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC (as amended). This Offering Memorandum has been approved by the Irish Stock Exchange and qualifies as a "Listing Particulars" within the meaning of the Listing and Admission to Trading Rules for Debt Securities of the Global Exchange Market of the Irish Stock Exchange.

The Notes are expected to be assigned, on issue, a rating of BB by Fitch Ratings Limited ("**Fitch**"). Fitch 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 USD 200,000 and integral multiples of USD 1,000 in excess thereof, up to and including USD 399,000. 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 16 November 2017 (the "**Closing Date**") with a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Summary of Provisions relating to the Notes represented by the Global Notes*".

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described in the chapter "*Risk Factors*" starting on page 3.

Definitions used, but not defined, in this section can be found elsewhere in this Offering Memorandum. The language of the Offering Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The date of this Offering Memorandum is 14 November 2017.

Structuring Advisor

DEUTSCHE BANK

Joint Lead Managers

ABN AMRO

BNP PARIBAS

DEUTSCHE BANK

NATWEST MARKETS

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RISK FACTORS

Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Offering Memorandum (including but not limited to the audited consolidated financial statements), before making an investment decision with respect to the Notes. If any of the following risks should actually occur, the business, revenues, results, financial condition and prospects of VIVAT and its subsidiaries within the meaning of Section 2:24b of the Dutch Civil Code (together, the "VIVAT Group" or the "Group") could be materially adversely affected, which could result in an inability of VIVAT to pay interest and/or principal and could negatively affect the price of the Notes.

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

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

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

Risks Related to VIVAT and the VIVAT Group

Strategic Risks

The VIVAT Group is exposed to risks of damage to its reputation

The VIVAT Group is exposed to the risk that its reputation is damaged. Such reputational damage could, for example and not exclusively, be caused by any of the following occurring or having occurred in respect of the VIVAT Group (whether actually or allegedly and whether or not founded):

- non-compliance with legal or regulatory requirements (including financial regulatory rules, anti-money laundering rules and data privacy rules);
- litigation and regulatory measures (including investigations);
- adverse events (including those as described herein or any malpractice or misconduct) occurring in relation to any third party directly or indirectly linked to the VIVAT Group such as personnel, affiliates, shareholder Anbang Group Holdings Co. Ltd ("**Anbang**"), intermediaries, partners, business promoters, third party managers or customers (including politically exposed persons);

- adverse events occurring in relation to the shareholder Anbang could have a material adverse effect on the VIVAT Group;
- failures in the information technology systems of the VIVAT Group, loss of customer data or confidential or privacy related information;
- failure in risk management procedures;
- press speculation or negative publicity; or
- any of the above occurring or having occurred in respect of any third party directly or indirectly linked to the VIVAT Group such as personnel, affiliates, shareholder Anbang, intermediaries, partners, business promoters, third party managers or customers.

Any damage to the reputation of the VIVAT Group could cause existing customers to withdraw their business from the VIVAT Group and potential customers to be reluctant to or electing not to do business with the VIVAT Group, and thereby cause disproportionate damage to the VIVAT Group's business, regardless of whether the negative publicity is factually accurate. Furthermore, reputational damage could result in greater regulatory scrutiny and influence market or rating agency perception of the VIVAT Group, which could make it more difficult for VIVAT and/or other group members to maintain their credit rating. This could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects. Furthermore, certain of the insurance products and services of the VIVAT Group are distributed through third parties or form part of broader products and services sold by third parties. Any reputational damage in respect of such third parties or such broader products and services could result in significant damage to the reputation of the VIVAT Group, which could in turn greatly hinder the VIVAT Group's ability to retain clients or compete for new business, which could as well have a material adverse effect on the VIVAT Group's business, revenue, results, financial condition and prospects.

The extensive network of intermediaries, advisors and authorised agents of the VIVAT Group is its most important distribution channel and the VIVAT Group may be unable to maintain a competitive distribution network

The VIVAT Group uses a variety of distribution channels in the Netherlands for the marketing and offering of its insurance products and services, including internet, call centres, intermediaries, advisors, authorised agents and partnerships. A substantial part of the distribution of the VIVAT Group originates from distribution of its products and services by intermediaries, advisors and authorised agents who may also offer competitors' products and services. As a result, the success of the VIVAT Group through these distribution channels depends on the preferences of these intermediaries, advisors and authorised agents for the products and services of the VIVAT Group. Preferences of intermediaries, advisors and authorised agents are determined by, *inter alia*, 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 quality of the product and the quality of the service provided to the intermediaries, advisors and authorised agents, fees charged in relation to complex financial products like life insurance, pensions, mortgages and compensation for non-complex financial products. An unsatisfactory assessment by an intermediary, advisor and/or authorised agent of the VIVAT Group and its products based on any of these factors could result in the VIVAT Group generally, or in particular certain of its products, not being actively marketed by intermediaries, advisors and authorised agents to their customers in the Netherlands.

In seeking to attract and retain successful intermediaries, advisors and authorised agents, the VIVAT Group competes with other institutions primarily on the basis of its support services, product features, financial position and compensation for non-complex financial products. Besides that, the VIVAT Group is always working on new strategies and plans relating to its distribution network. However, apart from

all efforts and new strategies and plans, the extensive network of intermediaries, advisors and authorised agents of the VIVAT Group as important distribution channel remains an inherent part of its business and a failure by the VIVAT Group to maintain a competitive distribution-network could have a material adverse effect on the VIVAT Group's business, revenues, result of operations, financial conditions and prospects.

The VIVAT Group faces substantial competitive pressures

There is substantial competition in the Netherlands for the insurance products and services that the VIVAT Group provides from insurance companies, intermediaries, financial advisers, banks, asset managers and other institutions (e.g. Fintech, start-ups), both for the ultimate customers for the VIVAT Group's products and for distribution through third party distribution channels. If the VIVAT Group is unable to offer attractive products and services that are profitable, it may lose market share or incur losses on some or all of its activities. Consumer demand, technological changes, regulatory actions and other factors also affect competition. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share. This may harm the ability of the VIVAT Group to maintain or increase profitability.

Sales of life insurance and pension products in the Netherlands have been declining since 2008 and are expected to decrease further

Sales of life insurance and pension products in the Netherlands have declined since 2008, mainly due to:

- low interest rates;
- changes in tax and pension laws, resulting in less attractive insurance products compared to alternative products with similar tax benefits;
- a trend in moving away from traditional defined benefit schemes, because of low interest rates and higher cost;
- adverse market sentiment relating to investment-linked products; and
- a changed mortgage market, resulting in the sale of mortgages with less life insurance products attached (*i.e.*, savings mortgages and investment-linked mortgages).

A continued decline in sales volumes could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

The non-life insurance business has historically been cyclical and such cycles may occur again

Insurers that offer non-life insurance products have historically experienced significant fluctuations in operating results due to competition, the levels of underwriting capacity, general social, legal or economic conditions and other factors. 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, as well as periods when shortages of capacity have led to 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 VIVAT Group, including fewer contracts written, lower premium rates, increased expenses for customer acquisition and retention, and less favourable policy terms and conditions for the VIVAT Group, any of which could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

The VIVAT Group could fail to effectively identify or execute strategic acquisitions, joint ventures,

partnerships, investments or divestments, and if such transactions are pursued, the VIVAT Group could fail to successfully implement and exploit them or realise anticipated benefits in a timely manner

The VIVAT Group could selectively pursue opportunities to acquire, form joint ventures with or enter into partnerships in respect of or make investments in businesses, products, technologies or innovations which complement the VIVAT Group's business and growth strategy. Divestments may also be beneficial for the VIVAT Group's business, focus and strategy. The VIVAT Group may not be able to identify suitable candidates for such acquisitions, joint ventures, partnerships, investments or divestments, or if the VIVAT Group does identify suitable candidates, it may not be able to complete any transaction on acceptable terms, or at all. Any acquisitions, joint ventures, partnerships, investments or divestments by the VIVAT Group could entail risks, such as:

- difficulties in realising cost, revenue or other anticipated benefits from the acquired business, the joint venture, partnership, investment or divestment;
- costs of executing the acquisition, joint venture, partnership, investment or divestment, both in terms of capital expenditure and increased management attention;
- potential for undermining the VIVAT Group's strategy, the VIVAT Group's relationship with customers, intermediaries and/or partners or other elements critical to the success of the VIVAT Group's business;
- liabilities or losses resulting from the VIVAT Group's control of the acquired business, participation in the joint venture or partnership, investment or divestment;
- liabilities or losses resulting from claims under guarantees, representations and warranties, and/or indemnities given by the VIVAT Group to its counterparties in relation to an acquisition, joint venture, partnership, investment or divestment;
- difficulties in integrating an acquired business in the VIVAT Group's business or realising cost reductions from such integration; or
- difficulties in integrating and exercising effective internal controls with respect to the acquired business both within the acquired business and within the VIVAT Group,

any of which, alone or in aggregate, could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

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

When buying investment products or selecting an asset manager, customers (including retail investors, institutional investors and intermediaries) typically consider, among others, the historic performance of the investment products or assets under management and the responsible asset management teams and individuals. Consequently, if the VIVAT Group, in comparison to its competitors, underperforms for a prolonged period in time in relation to its investments, for instance if the VIVAT Group (including ACTIAM N.V. ("**ACTIAM**"), VIVAT's 100% asset management subsidiary) does not provide satisfactory or appropriate investment returns, or if the VIVAT Group does not sell investment products (linked to insurance products) that customers require or are deemed suitable, or where ACTIAM loses key asset management teams or individuals, existing customers may decide to liquidate, cancel, reduce, transfer or negotiate alterations to the terms of their investments, investment products and investment mandates. Furthermore, potential customers may decide not to make further investments, buy investment products or extend or grant new investment mandates. Consequently, prolonged investment underperformance could have a material adverse effect on the business, revenues, results, financial condition and prospects of the VIVAT Group.

Integrity Risks

The VIVAT Group is exposed to the risk of fraud and other misconduct or unauthorised activities by the VIVAT Group's personnel, intermediaries, customers and other third parties

Fraud typically occurs when persons deliberately abuse the VIVAT Group's procedures, systems, assets, products or services, and includes policy fraud (where fraudulent misstatements of fact are made in applications for insurance products by customers), sales fraud (where, for instance, intermediaries design commission schemes that are not for bona fide customers, or are written for non-existent customers, in order to collect commissions that are typically payable in the first year of the contract, after which the policy is allowed to lapse), claims fraud (where fraudulent misstatements of fact are made in an effort to make claims under existing policies) and fraud in relation to payment execution (where payments of policy benefits are fraudulently routed to bank accounts other than those of the relevant beneficiary). The occurrence of fraud and other misconduct and unauthorised activities could result in losses, increased costs, violations of law, investigations and sanctions by regulatory and other supervisory authorities, claims by customers, customer groups and customer protection bodies, loss of potential and existing customers, loss of receivables and harm to the VIVAT Group's reputation, any of which, alone or in the aggregate, could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

In addition to fraud risk there is also compliance risk, *i.e.*, not complying with laws and regulations. Failure to comply with any laws and regulations could lead to disciplinary action, instructions from the Dutch Central Bank ("**DNB**") or the Netherlands Authority for the Financial Markets ("**AFM**"), the imposition of fines, revocation of a licence, permission or authorisation necessary for the conduct of the VIVAT Group's business and/or civil liability, all or any of which could have a materially adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects. Laws and regulations applied at a national level generally grant supervisory authorities broad administrative discretion over the VIVAT Group's activities, including the power to limit or restrict business activities. It is possible that laws and regulations governing the VIVAT Group's business or particular products and services could be adopted, amended or interpreted in a manner that has a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

Operational Risks

The VIVAT Group is subject to operational risks

The operational risks that the VIVAT Group faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, personnel misconduct or external events, such as fraud. Additionally, the loss of key personnel could adversely affect the VIVAT Group's operations and results. Operational risks could materially adversely affect the VIVAT Group's business, revenues, results, financial condition and prospects.

The VIVAT Group relies heavily on information technology, communication systems and/or internal controls and there is a risk that these do not function properly

The VIVAT Group relies heavily on its operational processes, communication and information systems and internal controls to conduct its business, including (without limitation) to determine the pricing of its products, its underwriting liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, high-quality customer services and compliance with its reporting obligations. Defects and errors in the VIVAT Group's financial reporting and actuarial processes, systems and reporting procedures, including both human and technical errors, could result in a late delivery of internal and/or external reports or reports with insufficient or inaccurate information.

Also, in the VIVAT Group's current financial reporting process, product lines and legal entities do not always coincide. This increases the complexity of the financial reporting process, both within the product lines and legal entities, and at VIVAT level, which in turn increases the risk of financial reporting errors. Furthermore, defaults and errors in the VIVAT Group's financial reporting processes, systems and reporting procedures could lead to wrong management decisions regarding, for instance, product pricing and hedge decisions which could materially adversely affect its net income and increase risk. In addition, misinforming customers and investors could lead to substantial claims and regulatory fines, increased regulatory scrutiny, reputational harm and increased administrative costs to remedy errors.

Furthermore, the VIVAT Group depends on third party providers for administration and IT services and other back office functions. This includes the outsourcing of ACTIAM's middle and back offices asset management operations, fund and investment account and reporting services to BNP Paribas Securities Services as service provider as from 1 July 2017. Any interruption in the VIVAT 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 VIVAT 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 VIVAT Group's brands and reputation.

The VIVAT Group is also exposed to cybercrime risks, for example, login credentials of customers, intermediaries and personnel may be intercepted by cyber criminals. This could lead to abuse of information and harm the VIVAT Group's reputation. Any interruptions, failures or breaches in security of these processes and systems could also result in a loss of customers and/or materially adversely affect the VIVAT Group's ability to compete with its competitors.

Organisational change as well as the pursuance by the VIVAT Group of its strategic objectives (including growth and extended scale) may result in the creation of an operational risk, amongst other things because these events may result in an increased strain on information technology, communication systems and/or internal controls. Furthermore, these events could result in employees and their knowledge and expertise leaving the VIVAT Group, therefore increasing the strain on the existing organisation. This may have a negative impact on existing work routines and internal controls and may consequently lead to operational incidents.

The occurrence of any of the foregoing events could harm the VIVAT Group's reputation and could have a material adverse effect on the VIVAT Group's business, revenues, results and financial condition and prospects.

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

The success of the VIVAT 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. The ability of the VIVAT Group to attract and retain key personnel with appropriate knowledge and skills, particularly financial, investment, IT, data analysis, risk management, actuarial, Solvency II (as defined below) and other specialist skills and experience, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. Any failure by the VIVAT Group to retain or attract qualified personnel could have a material adverse effect on the VIVAT Group's business, revenues, results and financial condition and prospects.

The occurrence of disasters or core infrastructure failures may endanger the continuity of the VIVAT Group's business operations and the security of the VIVAT Group's personnel

The VIVAT Group is exposed to various risks arising from natural disasters (including floods, fires and

storms), as well as man-made disasters and core infrastructure failures (including acts of terrorism, war, power grid and telephone/internet infrastructure failures). These natural and man-made disasters may endanger the continuity of the VIVAT Group's business operations and the security of the VIVAT Group's personnel, and may adversely affect the VIVAT Group's business, revenues, results and financial condition and prospects by causing, among other things, disruptions of the VIVAT Group's normal business operations.

Change in senior management team could lead to discontinuities and deficiencies

The risks of discontinuities and deficiencies by change in senior management could lead to untimely and/or insufficient actions or other deficiencies with regards to strategic decision making, operational processes, internal controls, application of laws, regulations and internal guidelines towards VIVAT Group's business, risk culture (as described in the risk culture paragraph), HR processes, relationship and communication with customers and intermediaries. This could have a material adverse effect on the VIVAT Group's business, revenues, results and financial condition and prospects.

The performance of the VIVAT Group depends also on the quality of its pricing processes to accurately price its products and services

The results and financial condition of the VIVAT Group depend, among other things, on its ability to set rates and prices accurately. Setting accurate rates and prices is necessary to generate sufficient premiums to pay losses and expenses and to earn profits on income. The ability of the VIVAT Group to price its products and services accurately is subject to a number of uncertainties, *i.e.*, inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies. If the VIVAT Group fails to establish adequate rates and prices for its products and services, its revenues could decline or its expenses increase resulting in proportionately greater losses.

The VIVAT Group makes use of models which present the VIVAT Group with model risk when decisions are based on incorrect or misused model outputs and reports

The term model refers to a quantitative method, system, or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. Models meeting this definition might be used for pricing products, analysing business strategies, informing business decisions, identifying and measuring risks, valuing exposures, instruments or positions, conducting stress testing, assessing adequacy of capital, managing client assets, measuring compliance with internal limits, or meeting financial or regulatory reporting requirements and issuing public disclosures. The definition of model also covers quantitative approaches whose inputs are partially or wholly qualitative or based on expert judgment, provided that the output is quantitative in nature. The VIVAT Group uses a number of models for a variety of purposes, among others, pricing of products, valuation of mortgages, valuation of insurance liabilities, required capital calculations and determination of hedging portfolios. The use of models invariably presents model risk, which is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. Model risk can lead to financial loss, poor business and strategic decision-making, or damage to the VIVAT Group's reputation. Model risk occurs primarily for two reasons: (1) a model may have fundamental errors and produce inaccurate outputs when viewed against its design objective and intended business uses; and (2) a model may be used incorrectly or inappropriately or there may be a misunderstanding about its limitations and assumptions. Model risk increases with greater model complexity, higher uncertainty about inputs and assumptions, broader extent of use, and larger potential impact. Even though active model risk management and model validation are an integrated part of the risk management system of the VIVAT Group, the adverse consequences (including financial loss) of model risk can negatively influence the VIVAT Group's business, revenues, results, financial condition and prospects.

The VIVAT Group's technical provisions reflected in its IFRS financial statements to pay insurance and other claims, now and in the future, or other balance sheet valuations (i.e., Solvency II) could prove insufficient

In accordance with industry practices, provisions are established on the basis of estimates using actuarial projection techniques. The process of estimating is based on information available at the time the provisions are established. The adequacy of the provisions, including risk margins, are continuously reviewed and believed to be sufficient. Under International Financial Reporting Standards ("IFRS"), the VIVAT Group is required to test the adequacy of the provisions at each IFRS reporting date by executing the liability adequacy test. This test requires provisions to be adequate on aggregate. The adequacy test is based on management best estimates on future developments of markets, insurance claims and expenses. However, the provisions could prove insufficient in the future for several reasons, such as new knowledge or events, discrepancy between assumptions and actual experience, increasing guarantee obligations whether or not related to outstanding issues and regulatory capital, other requirements, which are particularly uncertain in the current regulatory environment, undergoing significant, and ongoing, changes, policy or former management decisions, which could require strengthening the provisions. More or less the same applies to other balance sheet valuations, such as mortgage valuations that are established on the basis of estimates using projection techniques. Another example of a valuation that could prove insufficient is the determination of the value of deferred tax assets, of which it needs to be tested to what extent it is fully recoverable. For this, testing projection techniques are necessary as well. If the VIVAT Group's provisions or other balance sheet valuations prove insufficient, the VIVAT Group may be required to strengthen its reserves or revalue other balance sheet items, which may have a material adverse effect on the VIVAT Group's results and financial condition.

Liquidity Risks

The VIVAT Group faces liquidity risk

Liquidity risk arises if the VIVAT Group would not be able to comply with current or contingent liabilities at their due date. It consists of (i) a funding risk, *i.e.*, the risk that the VIVAT Group cannot meet any scheduled or unexpected demand for cash from policyholders and other contracting parties or its subsidiaries in case of VIVAT specifically, and (ii) a market liquidity risk, *i.e.*, the risk that the VIVAT Group is not able to convert assets in cash as a result of unfavourable market conditions or a market disruption.

VIVAT is a holding company with no material, direct business operations (VIVAT is authorised to act to a limited degree as intermediary for insurances of its subsidiaries SRLEV N.V. ("**SRLEV**") and Reaal Schadeverzekeringen and it employs all personnel and services of the business with staff support) and relies on its available buffer and operating subsidiaries to provide it with liquidity. The capital position and capital structure of the VIVAT Group may include a double leverage at the VIVAT level (VIVAT issues (subordinated) debt and acquires shares in the equity of or provides subordinated debt (restricted Tier 1 and/or Tier 2 capital) to the subsidiaries which is a form of intra-group financing). The liquidity position of VIVAT is dependent on its own resources and the ability of its subsidiaries to upstream cash (see also "*Risk related to the legal structure of the VIVAT Group*").

The VIVAT Group holds certain assets that have low liquidity, such as privately placed fixed income securities, commercial and residential mortgage loans, asset-backed securities, structured loans, government bonds of certain countries, private equity investments and real estate. Since the onset of the financial crisis, many of these assets have proven to be illiquid resulting in realised losses if such

assets were sold and unrealised losses on such assets if they were marked-to-market. Although the liquidity for certain of these assets has improved, a further downturn in the financial markets may exacerbate the low liquidity of these assets and may also reduce the liquidity of assets that are typically liquid, as occurred during the financial crisis in the case of the markets for asset-backed securities relating to real estate assets and other collateralised debt and loan obligations. If the VIVAT Group requires significant amounts of cash on short notice in excess of normal cash requirements or is required to post or return collateral in connection with its investment portfolio, derivatives transactions or securities lending activities, the VIVAT Group may be forced to sell such assets even though a large portion of the investment portfolio is invested in liquid Dutch and German government bonds. If those assets are illiquid, the VIVAT Group may be forced to sell them for a lower price than it otherwise would have been able to realise, resulting in losses, which may have a material adverse effect on the VIVAT Group's results and financial condition.

The distribution of dividends or any other upstream distribution may have an adverse effect on VIVAT's solvency and liquidity position

VIVAT's sole shareholder, Anbang, may resolve to distribute dividends on the shares in the capital of VIVAT, provided that such distribution is permitted under the then applicable rules and regulations. Any such dividend distribution or any other upstream distribution may have an adverse effect on VIVAT's solvency and liquidity position and potentially on VIVAT's ability to fulfill its payment obligations under the Notes.

Market Risks

Risk relating to the general economic and financial environment

The VIVAT Group's results can be adversely affected by general economic conditions and other business conditions. The VIVAT Group generates most of its income in the Netherlands and is therefore particularly exposed to the economic and business conditions in the Netherlands. These conditions include changing economic cycles that affect demand for insurance products. Such cycles are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence, industrial output, labour or social unrest and economic and political uncertainty. Since the onset of the financial crisis in 2008, which in Europe was followed by the euro-crisis in 2010, weak macroeconomic conditions, including recessions, and the implementation of austerity measures in many economies, along with global financial market turmoil and volatility, have affected, and if these trends persist or return will continue to affect, the behaviour of the VIVAT Group's customers, and, by extension, the demand for, and supply of, VIVAT Group's products and services. Over the past several years, 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 and 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 VIVAT Group. Any further deterioration in the economic conditions could result in a downturn in new business and sales volumes of the VIVAT Group's products, and a decrease of its investment return, which, in turn, could have a material adverse effect on the VIVAT Group's growth, business, revenues and results. The business segment of the VIVAT Group is affected by market conditions, which can cause results to fluctuate from year to year as well as on a long-term basis. These market conditions include, without limitation, fluctuations in interest rates, monetary policy, a decline in the securities markets or poor investment performance, consumer and business spending and demographics. These market conditions also include insurance industry cycles, such as changes with respect to mortality and longevity. If any such market conditions were to occur and persist, the results of the VIVAT Group could be adversely affected.

The VIVAT Group's exposure to fluctuations in the equity, fixed income and property markets

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

The VIVAT Group is exposed to the level of interest rates

Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the VIVAT Group. The level of interest rates and changes in prevailing interest rates (including changes in the difference between the levels of prevailing short- and long-term interest rates (non-parallel movements)) could adversely affect the results and capital position of the VIVAT Group.

The insurance investment portfolio of the VIVAT Group consists primarily of fixed income securities. The short-term impact of interest rate fluctuations on the insurance business of the VIVAT Group may be reduced in part by products designed to partly or entirely transfer the VIVAT Group's exposure to interest rate movements to the policyholder. While product design and hedging reduce the exposure of the VIVAT Group to interest rate volatility, changes in interest rates (predominantly changes in long-term interest rates) will impact its business to the extent they result in changes to current interest income, impact the value of the fixed income portfolio of the VIVAT Group, or affect the levels of new product sales.

A decrease in the long-term interest rate primarily adversely affects the values of the VIVAT Group's liabilities under traditional life contracts, as liabilities are discounted using long-term interest rates for supervisory reporting and/or financial reporting. This negative effect is partly offset by the simultaneous increase in the market value of fixed income assets. Even if the liabilities are valued using a market consistent methodology, they may nevertheless have limited or different sensitivity to interest rate movements (and credit spread) in comparison to fixed income assets because the discount rate applied in those market consistent valuations (in some cases, including the discount rate prescribed or determined by regulators) typically do not fully reflect sensitivities to interest rate movements (and credit spreads) and therefore the value of the liabilities may not match that of the fixed income assets. Under Solvency II (as defined below), for instance, the basic risk free interest rate is based on the swap rate (corrected for a credit risk adjustment ("**CRA**") with an extrapolation of the curve from the last liquid point ("**LLP**") to the ultimate forward rate ("**UFR**")), while a material part of the VIVAT Group's fixed income portfolio is currently heavily based on Dutch and German government bonds. The spread between the swap rates and the government bond rates can diverge. Under Solvency II (as defined below), the VIVAT Group also uses a spread correction based on the so called volatility adjustment ("**VA**") (in the future possibly also the matching adjustment ("**MA**")), but this VA spread does not necessarily have the same impact as the spread on the investment portfolio. Another factor that leads to a mismatch is the extrapolation technique that is used to determine the interest rate curve for the valuation of liabilities (from the LLP (currently year 20) to the Solvency II level of the UFR (currently 4.2%) in approximately 40 years) which is not used in the valuation of the asset portfolio. The Solvency II level of the UFR will be lowered to the UFR level requested by the European Insurance and Occupational Pensions Authority ("**EIOPA**") (which level currently is set on 3.65%) with steps of no more

than 0.15%-point per year, starting from January 2018. In addition, the net effect on the net asset value/surplus depends on the (key rate) duration and volume matching of assets and liabilities including derivatives. To the extent that the VIVAT Group is unable to match or chooses not to completely match liabilities with assets that have the same or similar levels of interest rate sensitivity, there could be a gap between the movement of the VIVAT Group's assets and liabilities as interest rates change. Interest rate fluctuations could therefore have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

In addition, the future results of insurance operations of the VIVAT Group are impacted by the level of the interest rates. A prolonged period with low interest rate levels has had, and could continue to have, a material adverse effect on the VIVAT Group's revenues, results of operation, financial condition and prospects. In a period of sustained low interest rates, financial and insurance products with long-term options and guarantees (such as pension, whole-life and disability products) may be more costly to the VIVAT Group. Moreover, the (economic and/or Solvency II (as defined below) regulatory) capital the VIVAT Group is required to hold for long-term risks, such as longevity, expense and morbidity risks, is higher in a low interest rate environment. These effects limit the ability of the VIVAT Group to offer these products at affordable prices. Also, the present value impact of assumption changes affecting future benefits and expenses is larger, creating more volatility in the VIVAT Group's results and available regulatory capital. On top of that, the VIVAT Group will be subject to an investment risk because, in a low interest rate environment, the VIVAT Group may not be able to reinvest the proceeds from maturing investments or to invest the premiums, which it will continue to receive on recurring premium products with interest rate guarantees, in assets with a comparable return profile.

Furthermore, in periods where interest rates are higher than the current interest rates and in periods of increasing long-term interest rates, the market value of fixed income assets and/or interest rate derivatives of the VIVAT Group may continue to decrease, which could result in unrealised losses and require that the VIVAT Group post collateral in relation to its interest rate hedging arrangements. This could lead to reductions in the level of regulatory available capital. 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. In order to satisfy the resulting obligations to make cash payments to policyholders, the VIVAT Group may be forced to sell assets at reduced prices and thus realise investment losses. Such a sale of investment assets may also result in a decrease in the VIVAT Group's assets under management, which could result in reduced fee income as fee income is typically linked to the value of the assets under management.

If the results of the VIVAT Group are adversely affected by the level of interest rates or for other reasons, this could also adversely affect the rights of policyholders to receive additional benefit payments over and above any insured or guaranteed capital ("**Profit Sharing Policies**"). Profit Sharing Policy holders occasionally complain about Profit Sharing Policies issued by SRLEV, VIVAT's 100% subsidiary, or any of its legal predecessors, or start legal proceedings against SRLEV, often due to the fact that the applicable policy conditions do not contain a definition of profit (see also "*Litigation, regulatory measures, and other proceedings or actions*").

The continuing risk that one or more European countries could exit the Eurozone and/or EU

Despite recent improvements in the financial position of many European countries, there remains a risk that financial difficulties may result in certain European countries exiting the Eurozone and/or EU. This can also be caused by changes in the political landscape and/or by a referendum. To date, only the public in the UK has voted in favor of the British government taking the necessary action for the UK to leave the European Union. The possible exit from the Eurozone and/or EU of one or more European

countries (in addition to the UK) and, as a consequence, the potential replacement of the euro by one or more successor currencies could create significant uncertainties regarding the enforceability and valuation of euro denominated contracts to which the VIVAT Group or its counterparties are a party and thereby materially and adversely affect the business, revenues, results, financial condition and prospects of both VIVAT Group's and/or its counterparties'. As is also apparent from the negotiations on the UK's exit from the European Union, it is not clear what steps will need to be taken for a country to leave the European Union or the length of time that this may take.

Such uncertainties may include the risk that (a) a liability that was expected to be paid in euro is redenominated into a new currency (which may not be easily converted into other currencies without significant cost), (b) currencies in some European countries may devalue relative to others, (c) former Eurozone and/or member states of the European Union ("**EU Member States**") may impose capital controls that would make it complicated, illegal or more costly to move capital out of such countries, and/or (d) some courts (in particular, courts in countries that have left the Eurozone and/or EU) may not recognise and/or enforce claims denominated in euro (and/or in any replacement currency). The possible exit from the Eurozone and/or EU of one or more European countries and/or the replacement of the euro by one or more successor currencies could also cause other significant market dislocations and lead to other adverse economic and operational impacts that are inherently difficult to predict or evaluate. The occurrence of one or more of these events could have a material adverse effect on the business, results, financial condition and prospects of the VIVAT Group and its counterparties. In addition, it is unclear at this stage what the consequences of the UK's departure from the European Union will ultimately be for the VIVAT Group or the trading price of the Notes.

The VIVAT Group is exposed to the risk of a downgrade or withdrawal of any of its credit ratings or financial strength ratings

In general, financial strength ratings are important factors affecting public confidence in insurers, and are as such important to the VIVAT Group's ability to sell its products and services to existing and potential customers, as well as to certain other activities of the VIVAT Group involving credit risk. 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. Furthermore, a downgrade or a potential downgrade in VIVAT's (or its "rated" subsidiaries') credit or financial strength ratings or withdrawal of its rating could have a material adverse effect on VIVAT's (or its "rated" subsidiaries') ability to raise additional capital, or increase the cost of additional capital, could result in, amongst others, a loss of existing or potential business (including losses on customer withdrawals), lower assets under management and fee income, and decreased liquidity, and could have adverse consequences for the ability of VIVAT (or its "rated" subsidiaries) to hedge financial and other risk, any of which could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

In its research update dated 12 November 2015, Standard & Poor's confirmed that it has suspended the credit rating of VIVAT, SRLEV and Reaal Schadeverzekeringen N.V. ("**Reaal Schadeverzekeringen**") as it believes that the credit ratings were dependent on the status of these companies within the Anbang Insurance Group and on the Anbang Insurance Group's creditworthiness. Standard & Poor's expressed in that research update that it was unable to secure sufficient information to accurately assess the creditworthiness of Anbang Insurance Group and that it will withdraw the credit ratings of VIVAT, SRLEV and Reaal Schadeverzekeringen if the level of such information remains insufficient or is not of satisfactory quality. Therefore, at the date of this Offering Memorandum, VIVAT has an issuer default

rating only from Fitch, which stands at BBB with a negative outlook (last updated 20 June 2017).

The following operating subsidiaries of VIVAT have other financial strength ratings:

- SRLEV has the following financial strength rating: Moody's: Baa2 (last updated 14 June 2017, when Moody's regarded the outlook as "stable"). Fitch: BBB+ (last updated 20 June 2017, when Fitch regarded the outlook as "negative"); and
- Reaal Schadeverzekeringen has the following financial strength rating: Moody's: Baa2 (last updated 14 June 2017, when Moody's regarded the outlook as "stable"). Fitch: BBB+ (last updated 20 June 2017, when Fitch regarded the outlook as "negative").

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. Most of the factors are specific to the rated company itself. In case of the VIVAT Group, the rating will also depend, in part, on the credit quality/financial strength of Anbang, the importance of the VIVAT Group in the investment portfolio of Anbang and/or how the VIVAT Group will be managed. If a rating agency considers itself unable to reach an adequate assessment on these aspects, it is likely that its rating(s) will be downgraded, suspended and/or withdrawn. While most of the factors are specific to the rated company and its majority shareholder, 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 a corporate 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 VIVAT 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 VIVAT Group. The VIVAT Group cannot predict what additional actions rating agencies may take, or what actions the VIVAT Group may take in response to the actions of rating agencies. The outcome of such reviews may have adverse ratings consequences. Any downgrade (especially if below investment grade), suspension, withdrawal or adverse consequence as referred to above, could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

Counterparty Risks

The VIVAT Group is exposed to financial risks such as credit risk, default risk and risks concerning the adequacy of its credit provisions

Losses incurred due to credit risk include actual losses from defaults, market value losses due to credit/financial strength rating downgrades and/or spread widening, or impairments and write-downs. The VIVAT Group is exposed to various types of general credit risk, including spread risk, default risk and concentration risk. Third parties that owe the VIVAT 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 VIVAT Group, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the VIVAT Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

The business of the VIVAT 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 VIVAT Group which arise from financial transactions. Depending on the actual realisation of such counterparty default, the current credit provisions may prove to be inadequate. If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the VIVAT Group to determine its credit provisions, these provisions could be inadequate.

The VIVAT Group is also exposed to concentration risk, which is the risk of default by counterparties or investments in which it has taken (relatively) large position. These risks are related to among others investments in sovereigns, financials and corporates.

Any of these financial risks could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

The VIVAT Group is exposed to counterparty risk in relation to financial institutions

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

Insurance Risks

Changes in longevity, mortality and morbidity experience

The insurance portfolio is exposed to longevity risk (i.e., the risk that an insured party lives longer than was projected at the time its policy was issued, with the result that the insurer must continue paying under the policy longer than anticipated), mortality risk (i.e., the risk the insured party dies sooner than was projected at the time its policy was issued) and morbidity risk (i.e., the risk that more policyholders than anticipated will suffer from long-term health impairments and the risk 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). In valuing the insurance liabilities and in establishing the pricing and reserving standards, assumptions are used to model the future benefit payments, which may be different from the actual benefit payments that will become due in the future.

Although the assumptions are reviewed and updated periodically based on experiences in the past, the uncertainties (such as the improvements in medical treatments that prolong life without restoring the ability to work) associated with the assumptions make it impossible to have assurance that the assumptions will indeed prove to be adequate in the future. Changes in assumptions could lead to additions to the provisions on account of longevity, mortality and morbidity risks in future years, which could result in significant losses that could have a material adverse effect on the revenues, results, financial condition and prospects of the VIVAT Group.

Adverse experience compared to the assumptions used in pricing products, establishing provisions and reporting business results

In accordance with industry practices and regulation, models are used to interpret and process data. Actuarial and risk models are inherently uncertain and involve the exercise of significant own judgement. Therefore it cannot be determined with absolute precision what amounts should be paid for, the timing of payment of actual benefits, claims and expenses or whether the assets supporting the policy liabilities, together with future premiums, will be sufficient. If actual experience differs from assumptions or estimates, the profitability of the products may be negatively impacted, which may incur losses, and capital and reserves may not be adequate, and the effectiveness of the hedging programmes may be adversely affected. Processes have been established to periodically review the adequacy of the data, both internal and external, methods and models. Notwithstanding these reviews, statistical methods and models may not accurately quantify the risk exposure if circumstances arise that were not observed in the data or if the data proves to be inaccurate. This may have a material adverse effect on the revenues, results, financial condition and prospects of the VIVAT Group.

Increase in policy lapses and increase of paid-up rates

The VIVAT Group is exposed to the risk of change in policy lapses and a change of paid-up rates. Such changes may lead to a substantial decrease in future profits which are currently part of the Solvency II own funds, thus leading to a decrease in own funds. In order to satisfy the resulting obligations to make cash payments to policyholders in case of a lapse event, the VIVAT Group may be forced to sell assets at reduced prices and thus realise investment losses. The extent of such investment losses depends on various circumstances, including the type of policy lapsed, the time window in which they lapse and the market circumstances at that time. Such a sale of investment assets may also result in a decrease in the VIVAT Group's assets under management, which could result in reduced fee income as fee income is typically linked to the value of the assets under management. Furthermore, this also influences the assumptions used to forecast (future) policy lapses and paid-up rates, which are reviewed and updated periodically. The uncertainties associated with these assumptions make it impossible to have assurance that the assumptions will indeed prove to be adequate in the future. The present value impact of changes in these assumptions could lead to additions to the liabilities vis-a-vis policyholders. This may have a material adverse effect on the business, revenues, results, financial condition and prospects of the VIVAT Group.

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

The VIVAT Group has transferred and may further transfer its exposure to certain risks in the insurance business to third parties through reinsurance arrangements. Under these arrangements, other insurers assume a portion of the potential losses and expenses associated with reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Therefore it could happen that additional expenses are needed for reinsurance or even that there is no possibility to obtain sufficient reinsurance on acceptable terms, which could negatively affect the ability to write future business and increase the

exposure to losses. When reinsurance is obtained, the VIVAT Group will still be liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of the reinsurers to meet their financial obligations could materially affect the results of the VIVAT Group. Reinsurers are chosen with care, given the risk appetite and the reinsurance policy. Counterparties will be assessed on compliance with Solvency II (as defined below), rating, continuity, partnership, capacity and market experience. Despite the assessment and the periodic review of the financial statements and reputations of the reinsurers, the reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years.

Unforeseeable and/or catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the VIVAT Group

Catastrophes could result in substantial impact on the business, revenues, results, financial condition and prospects of the VIVAT Group. Catastrophe risk can come about a single event, or series of events, that leads to a significant deviation in actual claims from the total expected claims that may exceed its established provisions. These unpredictable/unforeseeable events may affect multiple insured risks. Such events include both natural and man-made events, such as, but not limited to pandemics, weather related events and man-made disasters such as civil unrest and terrorist attacks. The VIVAT Group has several reinsurance contracts to mitigate known risks (the placement of these reinsurance contracts is with a reinsurance panel, consisting of reinsurers which each should have a minimum credit rating of at least A-), but the extent of possible losses is still related to their frequency, the severity of each individual event, the availability of reinsurance options, the affordability of these options and their adequacy to protect against losses. Reinsurers may also default on their reinsurance obligations. In accordance with industry practices, provisions are established based on estimates using actuarial projection techniques. The process of estimating is based on information available at the time the provisions are originally established. Although the adequacy of the provisions are continually reviewed and believed to be sufficient, there is no assurance that actual claims will not exceed estimated claim provisions. An inadequate provision can lead to losses, premium events and massive loss of customers and even to abrupt interruption of activities.

Non-life businesses' claims may prove to be more frequent and severe than anticipated

The VIVAT Group's Non-life 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 VIVAT 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 VIVAT 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 VIVAT Group's product pricing, expenses and liability valuations could have a material adverse effect on the VIVAT Group's business, revenues, results and financial condition

A failure to accurately estimate inflation and factor it into the VIVAT 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 VIVAT Group's business, revenues, results and financial condition. In the case of expenses, the VIVAT Group's most significant exposure to inflation risk is in its life insurance and long-term disability business. With respect to claims, the VIVAT 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 VIVAT 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 VIVAT Group's business, revenues, results and financial condition. An increase in inflation may also require the VIVAT 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 VIVAT Group's business, revenues, results and financial condition.

Regulatory and Litigation Risks

The VIVAT Group operates in industries that are highly regulated

The VIVAT Group conducts its business in an environment that is highly regulated, for example by financial services laws and regulations, corporate governance and administrative requirements and policies. The financial services industry continues to be subject to significant regulatory scrutiny and increasing regulation, both internationally and domestically. The political climate and the political parties holding government in the Netherlands often determine the supervisory authorities' agendas and focus points. This trend has accelerated markedly as a result of the financial crisis of 2008. This has led to a more intensive approach to supervision and oversight, increased expectations, stricter interpretations of existing laws and regulations, a sharp increase in the volume of new laws and regulations and the pace at which they are issued, enhanced requirements and enforcement, and an increasing frequency and amount of data requests and visits from competent supervisory authorities. Over the past years, the general trend in regulation has been to hold insurance institutions to increasingly stricter and more detailed standards concerning their duty of care to their customers. For example this trend affects the VIVAT Group's life insurance business through rules regarding the sale of pension and life insurance products to individuals and regarding the duty of care to instigate customers with specific investment insurance policies to review their position and subsequently take adequate action.

Implementing and monitoring compliance with applicable requirements means that the VIVAT Group must continue to have a large staff dedicated to these activities and to spend monetary and management resources and to create sufficient awareness with the business staff of the products and services the VIVAT Group offers and the rules applicable to them. If the VIVAT Group is unable to commit sufficient resources for regulatory compliance, this could lead to delays and errors, and may force it to choose between prioritising compliance matters over support for commercial activities, or may ultimately force the VIVAT Group to cease the offering of certain products or services. Organisational change as well as the pursuance by the VIVAT Group of its strategic objectives (including growth and extended scale) may result in employees and their knowledge and expertise leaving the VIVAT Group and an increased strain on the existing organisation. As a result resources for regulatory compliance may turn out to be insufficient.

Any delays or errors in implementing regulatory compliance could lead to substantial monetary damages

and fines, loss of significant assets, public reprimands, a material adverse effect on the VIVAT Group's reputation, regulatory measures in the form of cease and desist orders, increased regulatory compliance requirements or other potential regulatory restrictions on the VIVAT Group's business, enforced suspension of operations and in extreme cases, withdrawal of licences or authorisations to operate particular businesses, or criminal prosecution in certain circumstances, any of which could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

Certain additional related risks are discussed more specifically in various subparagraphs below, including under "*Risk and impact of recent and ongoing financial regulatory reform initiatives*".

Changes in reporting standards or policies could adversely affect the VIVAT Group's reported results and the reported financial condition

The VIVAT Group's consolidated financial statements are subject to the application of IFRS, which are periodically revised or expanded. As a result, the VIVAT Group is required to adopt new or revised reporting standards issued by the International Accounting Standards Board and endorsed by the European Commission (the "EC"). It is possible that future new or amended IFRS's, which the VIVAT Group is required to adopt, will change the current accounting treatments that the VIVAT Group applies in its consolidated financial statements. Such changes could have a material adverse effect on the VIVAT Group's reported results and its reported financial condition.

Especially the expected implementation of IFRS 9 (effective for the VIVAT Group as from 1 January 2021 due to the application of the temporary exemption) and the new standard on insurance contracts – IFRS 17 (effective as from 1 January 2021) – will lead to changes in the VIVAT Group's reporting policies. The package of improvements introduced by IFRS 9 includes a new model for classification and measurement of financial assets, a single, forward-looking 'expected loss' impairment model and a more principle-based approach to hedge accounting. IFRS 17 introduces (among other things) new measurement and presentation principles for insurance contracts; measurement of insurance liabilities is primarily based on current estimates and unearned future profits, if any, are recognised as a part of these liabilities. In addition to these changes, the VIVAT Group may choose to adjust its reporting policies, if compliant with IFRS, in order to align its statutory reporting with its regulatory reporting. All changes in reporting standards, either mandatory or optional, may lead to material adverse effect on the VIVAT Group's reported results and reported financial condition. At this moment it is not possible to make a reliable quantified estimation of the impact of these changes on the results and financial condition of the VIVAT Group.

The VIVAT Group is subject to stress tests and other regulatory enquiries

In order to assess the level of available capital in the insurance sector, the 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. Furthermore, DNB periodically conducts thematic supervisory investigations. Announcements by regulatory authorities that they intend to carry out such calculations, tests or investigations 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 VIVAT Group's results in such calculations, tests or investigations are worse than those of its competitors and these results become known, this could also have adverse effects on the VIVAT Group's financing costs, customer demand for the VIVAT Group's products and the VIVAT Group's reputation. Furthermore, a poor result by the VIVAT Group in such calculations, tests or investigations could influence regulatory authorities in the exercise of their discretionary powers.

Changes in tax laws and international developments

Changes in tax laws, tax policy or case law may make some of the VIVAT Group's insurance, pensions, investment management and other products less attractive to customers, decreasing demand for certain of the VIVAT Group's products and increasing surrenders of certain of the VIVAT Group's in-force life insurance policies, which may have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects. Changes in the applicable tax legislation, in the interpretation of existing tax laws, amendments to existing tax rates, or the introduction of new tax legislation, specifically with respect to taxation of insurance and investment management companies, may lead to a higher tax burden on the VIVAT Group, material impact on the VIVAT Group's tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities, and may have a material adverse effect on the VIVAT Group's business, results and financial condition. A future higher tax burden on the VIVAT Group may also be a consequence of international developments (and the local implementation thereof), including but not limited to the OECD anti-Base Erosion and Profit Shifting Project and the European Anti-Tax Avoidance Directives. Amendments to applicable laws and tax policy may be issued or altered with retroactive effect. Additionally, tax authorities may change their interpretations of tax laws at any time, and/or challenge applied tax procedures or positions taken, which may lead to a higher tax burden on the VIVAT Group. While changes in taxation laws and tax policy would affect the insurance sector as a whole, changes may be more detrimental to particular operators in the industry. A higher tax burden on the VIVAT Group could negatively impact the financial condition of the VIVAT Group.

On 10 October 2017, the four parties that form the new Dutch government released their coalition agreement (*Regeerakkoord*) 2017 - 2021. Although the coalition agreement does not include concrete legislative proposals, it sets out a large number of policy decisions of the new Dutch government. One of the policy decisions is the introduction of a "thin capitalisation" rule for banks and insurers that would limit the deduction of interest on debt exceeding 92% of the commercial balance sheet total. Another policy decision is the introduction of an "anti-abuse" withholding tax on 'flow-through' interest paid to very low tax jurisdictions. Many aspects of the coalition agreement remain unclear, but may have an adverse effect on the Issuer. As set out in the Terms and Conditions of the Notes, the actual implementation of such "thin capitalisation" rule for banks and insurers will not cause a Tax Event to occur.

Litigation, regulatory measures and other proceedings or actions

The VIVAT Group faces potentially significant risks of litigation, regulatory activity and measures (including investigations) as well as other actions in the conduct of its business. In the Netherlands, both the number and size of claims, litigation, regulatory measures, investigations, proceedings and other adversarial events (including, without limitation class actions) against financial institutions are increasing. These legal risks could potentially involve, but are not limited to, disputes concerning the products and services of the VIVAT Group and its position as principal, issuer of securities or otherwise.

Increasingly, financial institutions are held liable by customers for actions of intermediaries even if there has been little to no control over the actions of such intermediaries. Also, the VIVAT Group is increasingly exposed to collective claims (with or without merit) from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving novel legal claims. These risks are often difficult to assess or to quantify and their existence and magnitude often remain unknown for substantial periods of time. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the VIVAT Group. General changes in legislation (including, without limitation, to further facilitate class actions) may affect the VIVAT Group adversely. Furthermore, changes to customer protection laws and regulations or to the interpretation and perception by both the public at large and governmental and

supervisory authorities of acceptable market practices, may influence client expectations as well as the interpretation of contract terms. Such changes may relate to the requirements to the duty of care of insurers during the lifecycle of insurance and pension products, such as specifications of annual reports to customers and any future demands of legislators and/or regulators to provide special, occasional information. Consequently, such changes may result in products not meeting client expectations and, consequently, clients making claims against the Group. Furthermore, such changes may result in clients, governmental authorities and courts interpreting contract terms differently than anticipated at the time such contract terms were determined. This risk arises particularly in respect of products with a long duration, which by nature may be subject to contract terms that have been determined without anticipating changes to customer protection regulations or to the interpretation and perception of acceptable market practices that may have occurred since. The costs to defend future actions may be significant. There may also be reputational damage and/or adverse publicity associated with litigation that could decrease customer acceptance of the VIVAT Group's products and services, regardless of whether the allegations are valid or whether the VIVAT Group is ultimately found liable (see also "*The VIVAT Group is exposed to risks of damage to its reputation*").

As a result, litigation may adversely affect the VIVAT Group's business, revenues, results, financial condition and prospects. See also "*The VIVAT Group is exposed to the level of interest rates*" and "*The VIVAT Group is exposed to (litigation) risks related to the offering of investment insurance policies and investment pension policies*".

The VIVAT Group is exposed to (litigation) risks related to the offering of investment insurance policies and investment pension policies

SRLEV has a portfolio of investment-linked insurances which consists of a variety of products with distinct characteristics and different versions of contractual documentation. SRLEV has concluded approximately 1.2 million investment-linked insurance policies, of which about 280,000 are still outstanding as of the date of this Offering Memorandum, including both policies for which customers still pay premiums and policies for which customers no longer pay any premiums.

After market downturns following the year 2000, the development of value in investment-linked insurances fell behind compared to the value forecast calculations used at the time the investment-linked insurances were concluded. This drew public attention to both the (investment) risks and the costs of these products. Public attention on investment-linked products was further triggered by (i) a 2003 report by the AFM on the risks of mortgage loans combined with investment products, (ii) findings by the AFM in 2006 that insurers in some cases provided customers with incomplete and incorrect information on such products and (iii) reports published by the AFM in 2008. Various foundations and associations presented themselves as representatives of policyholders. In 2008, the Ombudsman of the Financial Services Complaints Institute ("**KiFiD**") issued a recommendation in which it proposed to limit the cost level of investment-linked insurances.

Organisations representing policyholders' interests have engaged with various large insurers to come to a settlement with each of these insurers. In this regard, SRLEV entered into a general agreement with several organisations representing policyholders on 24 March 2009, which was followed up by a settlement agreement dated 15 November 2010 (the "**Compensation Agreement**") for the benefit of policy holders, maximising the costs of investment insurance policies: the costs of the investment insurance policies should be lower than a certain (in the Compensation Agreement) agreed percentage of the accumulated value of the concerned insurance. If these costs are higher than the maximum costs, SRLEV will compensate the policyholders. The agreements with the organisations are not binding to policyholders. Consequently, neither the implementation of the compensation schemes nor the

additional measures offered by SRLEV (see below) prevent individual policyholders from initiating legal proceedings against SRLEV and making claims for damages.

At the date of this Offering Memorandum, the Compensation Agreement has been executed. This means that almost 800,000 individual investment insurance policyholders (who qualified for the compensation scheme) have been informed and, if applicable, compensated. Adequate provisions have been made regarding compensation to be paid until the maturity date or surrender date of the policies involved. Policyholders whose policies expired or were terminated before 1 January 2008, were obligated to present themselves (before December 2013) and apply for the compensation scheme. Not all of them did. Further conditions for qualification were e.g., that policies were not terminated within the first five years. The total compensation granted to date is approximately EUR 390.6 million; provisions have been made in this respect (which provisions have decreased substantially since most of the original provisioned amount of EUR 390.6 has already been paid to the policyholders involved).

After entering into the Compensation Agreement, SRLEV – as a response to the lack of confidence resulting from the ongoing debates on the investment-linked insurances – took additional measures to instigate clients, amongst others, to review their position and subsequently take adequate action. These measures are generally referred to as 'Additional Policy' (*Flankerend Beleid*). The Dutch Minister of Finance (the "**Minister**") formulated guidelines, commonly called "the best of class policy", which guideline SRLEV has implemented, and which focus on instigating clients to review their position and on insurers offering alternative products to these clients.

At the request of the Minister, SRLEV (as well as other offerors of investment-linked insurances) did (and does) not invoke the stipulation in the Compensation Agreement that payment of compensation takes place against full and final settlement. Policyholders are therefore entitled to claim additional compensation. A number of policyholders – a number of which are represented by consumer organisations – have pursued, and in some cases are still pursuing, claims, which in some case have led to legal proceedings. Claims are – amongst others – based on the following grounds:

- breach of duty of care regarding pre-contractual disclosure obligations, especially relating to costs, product risks and investment risk in general;
- the costs related to the insurances were not (fully) agreed upon and too high;
- the effect of costs on the potential value of the policy is not (fully) disclosed;
- failure to inform clients during the duration of the policy about (diminishing) chances of achieving the calculated final capital; and/or
- the insurances are considered defective financial products as they have proven not to withstand mid-term fall in prices ('*crash risk*').

Up and until 30 September 2017, 224 legal proceedings were initiated against SRLEV, either before the civil courts or the complaints committee of KiFiD. 22 cases have resulted in a judgement, of which in only four cases damages were awarded (respectively for an amount of EUR 42,030). 70 of the 224 initiated proceedings were still pending on 30 September 2017, including collective proceedings initiated by the association Woekerpolis.nl (*Vereniging Woekerpolis.nl*) before the district court of Noord Holland. Judgement is expected to be rendered in the near future, this may be an interlocutory judgment. As per 30 September 2017, 132 of the 224 initiated proceedings were settled. The total of settlement amounts paid is approximately EUR 1,181,329.85 as per 30 September 2017. Although the number of cases in which insurers are ordered to pay damages is limited, SRLEV still receives new claims and new legal proceedings are still initiated, mostly before the complaints committee of KiFiD.

The attention of public, politics and supervisory authorities does not only focus on the costs of investment-linked insurances but also on the efforts undertaken by insurers to instigate clients with an active investment-linked insurance to review their position and take adequate action. In order to improve the number of clients actually reviewing their position and taking adequate measures, the AFM has set target figures with a strong focus on the so called 'non-accumulating policies' (*niet opbouwende polissen*, "**NOPs**"). Policies qualify as NOP if, based on the status on 1 January 2013 and a projected return of 4%, the increase in value at expiration date is lower than the total of the paid premiums over the same period. The AFM increased the pressure on insurers by setting a 'level of ambition' of 100% of the clients involved to take action before the end of Q1 2014. SRLEV did not succeed in achieving this level of ambition for the clients involved and, subsequently, SRLEV set a level of ambition of 80% at year end 2014. Despite initiatives to stimulate clients to come into action, the percentage realised by SRLEV was under target and substantially lower compared to peers. The AFM therefore decided to submit a complaint against SRLEV at the Disciplinary Tribunal Financial Services (*Tuchtraad Financiële Dienstverlening*). The Disciplinary Tribunal Financial Services ruled on 15 July 2016 that SRLEV, by publicly making commitments as to the number of clients it could stimulate to come into action which it knew or should reasonably have known it could not meet, harmed the public confidence in the insurance sector around an already highly sensitive matter. The Disciplinary Tribunal Financial Services advised the Dutch Association of Insurers (*Verbond van Verzekeraars*) to give SRLEV an official warning, which advice was followed.

On 18 July 2015, legislation became effective, obligating insurers to comply with target figures set by the AFM to instigate clients with NOPs, mortgage-linked insurances, pension-linked insurances and other investment-linked insurances to review their position and subsequently take adequate action. This legislation also enables the AFM to impose sanctions if instigation targets set by the AFM are not met by the insurers. Given the variety in (historic) products involved, SRLEV faces significant operational challenges to execute all prescribed detailed actions to activate clients involved within time limits set.

On 29 April 2015, the European Court of Justice issued its ruling on preliminary questions submitted in relation to unit-linked products. The main preliminary question considered by the European Court of Justice was whether European law permits the application of information requirements based on general principles of Dutch law that extend beyond information requirements as explicitly prescribed by laws and regulations in force at the time the policy was written. The European Court of Justice ruled that the information requirements prescribed by the applicable European directive may be extended by additional information requirements included in national law, provided that these requirements are necessary for a policyholder to understand the essential characteristics of the commitment and are clear, accurate and foreseeable. Although the European Court of Justice does not decide on the applicable standards in specific cases and solely provides clarification on the interpretation of the applicable European directive, the ruling of the European Court of Justice has given clarification on this question of legal principle which is also the subject of other legal proceedings in the Netherlands. Dutch courts will need to take the interpretation of the European Court of Justice into account in relevant proceedings. So far there have been no judgments related to SRLEV in which this interpretation plays a significant part. In 2016 there have been only a few judgments by both the complaints committee of KiFiD and district courts related to other insurers regarding the interpretation of the ruling of the European Court of Justice. In 2017, the complaints committee of KiFiD rendered a judgment and a binding advice stating that SRLEV was required to pay additional compensation to the policyholders involved. At the date of this Offering Memorandum there is no solid, general approach. Jurisprudence has to evolve which will take substantial time.

Any future rulings in legal proceedings concerning investment-linked insurances and also the legal duty

to instigate clients with NOPs, mortgage-linked, pension-linked and other investment-linked insurances to review their position and subsequently take adequate action, may substantially affect the financial situation and reputation of SRLEV. This, in turn, may negatively affect the VIVAT Group's business, revenues, results, financial condition and prospects, since SRLEV is regarded its main asset.

There has been for some time and there continues to be political, regulatory and public attention focused on the unit-linked issue in general. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and future legal proceedings. There is a risk that one or more of those legal challenges will succeed, which could have a material adverse effect on the VIVAT Group's business, results, financial condition and prospects.

VIVAT has provided several 403-Statements within the VIVAT Group

VIVAT has provided a statement in accordance with section 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*) in relation to its (indirect) subsidiaries Bemiddelingskantoor Nederland B.V. (formerly known as SNS Verzekeringen B.V.) and Volmachtkantoor Nederland B.V., pursuant to which VIVAT declares itself to be jointly and severally liable for the legal acts performed by aforementioned entities. The 403-statement provided in relation to SRLEV was revoked in November 2015 and the 403-statement provided in relation to Proteq Levensverzekeringen N.V. ("**Proteq**") and Reaal Schadeverzekeringen was revoked in January 2017. VIVAT can be held liable for any damages deriving from acts of these entities performed up until such revocation. This may adversely affect VIVAT's business, revenues, results, financial condition and prospects.

The Group is subject to stringent data privacy laws and may therefore be exposed to increased compliance costs and to confidentiality and security breaches

The VIVAT Group is subject to complex and evolving Dutch, European and other jurisdictions' laws and regulations regarding the collection, retention, sharing and protection of data which the VIVAT Group receives from, and which concern, customers, as well as its personnel and third parties it deals with. Many of these laws and regulations are subject to change and new, additional requirements may require the VIVAT Group to modify its business practices and develop new systems and processes, which may increase costs of operations. The VIVAT Group makes use of data (e.g., to price its products, i.e., dynamic insurance pricing) that give rise to increased risk of non-compliance under the legal data protection frameworks. Members of the VIVAT Group that are subject to Dutch and European data protection laws and process, or have third party service providers process personal data in jurisdictions that do not offer a similar level of data protection, are subject to an increased risk of non-compliance with data protection legislation. Security breaches may lead to unlawful use of personal data for which the VIVAT Group is responsible, as well as notification obligations towards financial and other supervision bodies (e.g., data protection authorities) or affected individuals, damage to the VIVAT Group's reputation and claims from individuals.

The General Data Protection Regulation ("**GDPR**") was adopted on 27 April 2016. The GDPR will enter into force on 25 May 2018 and will immediately apply across the European Union ("**EU**") on that date. The GDPR imposes more stringent data protection obligations than under the current EU Data Protection Directive and Dutch Data Protection Act, resulting in higher compliance burdens. In addition, the GDPR increases sanctions for data protection compliance violations of up to a maximum of EUR 20,000,000 or 4% of the VIVAT Group's global annual net turnover.

Under the GDPR data controllers must notify most serious data breaches to the Data Protection Authority within 72 hours after becoming aware of them; in some cases, the data subjects must also be

informed. A proposal to align Dutch law with the GDPR (*Uitvoeringswet Algemene verordening gegevensbescherming*) was published for public consultation on 9 December 2016.

In the Netherlands, the Act on Data Breach Notifications (*Wet Meldplicht datalekken en uitbreiding bestuurlijke boetebevoegdheid Cbp*) already entered into force on 1 January 2016. This act introduced a mandatory notification for security breaches of personal data at the VIVAT Group and third party service providers that adversely affect the privacy or personal data protection of data subjects for all data controllers in the Netherlands. The VIVAT Group has to maintain an internal register recording all security breaches experienced by the VIVAT Group third party service providers. The act also increases sanctions for violations of the Dutch Data Protection Act. The Dutch Data Protection Authority (*Autoriteit Persoonsgegevens*) can impose fines of up to a maximum of EUR 820,000 or 10% of the VIVAT Group's annual net turnover per violation for violations of the Dutch Data Protection Act. When the EU GDPR enters into force on 25 May 2018, the GDPR sanctions regime replaces the Dutch regime.

The e-Privacy Directive (incorporated in the Dutch Telecommunications Act) particularizes and complements the GDPR by, among others, setting-up specific rules concerning the processing of personal data in the electronic communication sector. In the past few years, important changes have interested the electronic communication arena, for example the spread of internet based communications services. With the agreement on the GDPR, the EU Commission is now turning its attention to a review of the e-Privacy Directive, as part of its Digital Single Market strategy. It has launched a consultation on the e-Privacy Directive.

The review of the e-Privacy Directive leads to the following proposals: 1. ensuring consistency of e-Privacy rules with the GDPR; 2. updating the scope of the e-Privacy Directive in light of the new market and technological reality; 3. enhancing security and confidentiality of communications; and 4. addressing inconsistent enforcement and fragmentation at national level. The EU Commission will use the feedback from the consultation to prepare a new legislative proposal on e-Privacy. The e-Privacy Directive may have impact on the VIVAT Group's business.

On 11 July 2017, the Dutch Senate adopted new legislation that requires the mandatory notification of serious security breaches in the key ICT systems and provides rules on processing of personal data related to cyber security incidents (*Wet gegevensverwerking en meldplicht cybersecurity*, the "WGMC"). The WGMC applies to so-called 'vital providers, products and services'.

As of the date of this Offering Memorandum, the Dutch Ministry for Security and Justice has not yet published the final version of an explanatory decree (*Besluit meldplicht cybersecurity*) that will determine to which 'vital providers, products and services' the WGMC will apply.

In addition, on 16 June 2017 the Dutch government launched the online consultation for the Dutch Cyber Security Bill (*Cybersecuritywet*, "CSW") that implements the EU Network and Information Security Directive (Directive 2016/1148). The CSW has not yet formally been introduced in the Dutch Parliament, but the draft proposal contains additional cyber security compliance requirements on top of the WGMC. These include basic cyber security requirements and a new sanctions regime for compliance failures, with proposed fines per violation of up to a maximum of EUR 5,000,000. The CSW must enter into force before 9 November 2018.

While providing a complete overview of the requirements and the scope of aforementioned new cyber security laws is not possible at the date this Offering Memorandum, compliance with cyber security and notification requirements of the WGMC and CSW could cause significant additional costs to the Group.

Any failure to comply with privacy and cyber security laws and regulations or data protection policies may lead to fines and may undermine the VIVAT Group's reputation and may have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

Risks relating to the Dutch Intervention Act, the Act on Recovery and Resolution of Insurance Companies and future legislation resulting from the EIOPA Opinion

With the entry into force of the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) on 13 June 2012 (the "**Dutch Intervention Act**"), DNB and the Minister were granted far-reaching new powers to intervene in situations where an institution, including a financial group such as the VIVAT 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. Following a review of the Dutch Intervention Act, the powers of intervention by DNB and the Minister were further expanded by the Financial Markets Amendment Act 2016 (*Wijzigingswet financiële markten 2016*), which entered into force on 1 April 2016.

Under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) ("**DFSA**"), as amended by the Dutch Intervention Act and Financial Markets Amendment Act 2016, substantial powers have been granted to DNB and the Minister enabling them to deal with ailing Dutch insurance companies prior to insolvency. The measures allow them to commence proceedings which may lead to (a) the transfer of all or part of the business of an ailing insurance company or its holding company to a private sector purchaser or a "bridge entity", (b) the transfer of the shares in an ailing insurance company or its holding company to a private sector purchaser or a "bridge entity", (c) immediate interventions by the Minister concerning an ailing insurance company or its holding company, and (d) public ownership (nationalisation) of (i) all or part of the business of an ailing insurance company or (ii) all or part of the shares or other securities issued by, or (other) claims on, an ailing insurance company or its holding company. The DFSA 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 Minister based on the DFSA or by a circumstance which is the consequence of such intervention. There is a risk that the exercise of powers by DNB or the Minister under the Dutch Intervention Act could have a material adverse effect on the performance by the failing institution of its payment and other obligations under debt securities or result in the expropriation, write-off, write-down or conversion of securities such as shares and debt obligations issued by the failing institution or its parent. Any such exercise of powers by DNB or the Minister may affect the VIVAT Group and securities issued by entities within the VIVAT Group and, consequently, may also affect the Notes and VIVAT as issuer of the Notes and as holder of securities issued by its subsidiaries.

On 13 July 2016, a proposal for an Act on Recovery and Resolution of Insurance Companies was published for public consultation (*Wet herstel en afwikkeling van verzekeraars*). The Act will further enhance the toolkit available to DNB to help recover or to resolve insurance companies and aligns DNB's powers with those available in relation to banks on the basis of the implementation of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**"). In particular, as under the BRRD, DNB will gain the power to apply the "bail in" tool, with which DNB can write down claims of investors and other creditors, including policyholders, or convert these in instruments of ownership. Other resolution tools are the instrument of sale of business, the transfer of business to a bridge institution and the separation of assets and liabilities. In addition, insurance groups will be required to draft recovery plans and DNB will prepare resolution plans and assess the resolvability of

the insurance group. The Act is expected to be submitted to the Dutch Parliament shortly. On 5 July 2017, the EIOPA also published an opinion calling for a minimum harmonized and comprehensive recovery and resolution framework for (re)insurers for the EU (the "**EIOPA Opinion**"), also largely along the same lines as the BRRD.

There is a risk that the exercise of powers by DNB or the Minister under the Dutch Intervention Act, the Act on Recovery and Resolution of Insurance Companies or any EU legislation resulting from the EIOPA Opinion could have a material adverse effect on the performance by the failing institution, including VIVAT, of its payment and other obligations under debt securities, including the Notes, or result in the expropriation, write-off, write-down or conversion of securities such as shares and debt obligations, including the Notes, issued by the failing institution or its parent, including VIVAT.

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 declaration of no objection (*verklaring van geen bezwaar*) ("**DNO**") in the event of a reduction of own funds if, at the time of the reduction, they do not satisfy the solvency capital requirement or it is likely that they will be unable to satisfy this requirement in the next twelve months. If a DNO is not received from DNB, no reduction of own funds will be allowed to be effected. VIVAT is a holding company and is 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 its subsidiaries to VIVAT will impact VIVAT's ability to fulfil its obligations under the Notes.

Risk relating to Solvency II or higher solvency levels imposed by DNB

As from 1 January 2016, the VIVAT Group must comply with a new solvency framework and prudential regime ("**Solvency II**"). Solvency II consists of a European Directive (2009/138/EC) implemented in Dutch law, a European Regulation ((EU) No 2015/35) and a number of technical standards and guidelines issued by EIOPA. Solvency II has created a new solvency framework in which the financial requirements that apply to an insurance, reinsurance company and insurance group, better reflect such company's specific risk profile. Solvency II introduced risk-based solvency requirements across all Member States and a new 'total balance sheet' type regime where insurers' material risks and their interactions are considered. Management of the capital position of the VIVAT Group is organised at VIVAT level.

Under Solvency II, insurers are required to hold own funds equal to or in excess of a solvency capital requirement ("**SCR**"). Solvency II categorises own funds into three tiers with differing qualifications as eligible available regulatory capital. Under Solvency II, own funds use IFRS balance sheet items where these are at fair value and replace other balance sheet items using market consistent valuations. The determination of the technical provisions is, on the one hand, based on "hedgeable" risks that can effectively be covered in the financial markets (valued at the market value of these financial instruments) and, on the other hand, "non-hedgeable" risks (valuation of which is based on a "best estimate" plus a risk margin).

To calculate the best estimate of current liabilities relating to insurance contracts, which corresponds to the probability-weighted average of future cash-flows taking account of the time value of money (expected present value of future cash-flows), insurers must use the basis risk-free interest rate curve. The basis risk-free interest rate curve is a swap curve corrected for a CRA with an extrapolation from the LLP to the UFR. On top of this, assuming certain requirements are met, insurers may use a MA or VA. The VA covers insurance products where the MA is not applied. The MA is subject to supervisory

approval and, to the extent that such approval will be granted, the MA will be applied. Currently, VIVAT applies the VA and does not apply the MA. VIVAT is keeping its options open to apply the MA in the future.

The SCR is a risk-based capital requirement which is determined using either the standard formula (set out in the European Regulation), or, where approved by the relevant supervisory authority, an (partial) internal model. The (partial) 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.

These quantitative requirements (e.g., SCR, technical provisions) form the first pillar of supervision. The second pillar complements the first pillar with qualitative requirements regarding the governance of insurers. Rules in this pillar most importantly relate to the internal organisation of insurers including rules on key functions, risk management and the internal control of insurers. In the area of risk management the requirement of an own risk and solvency assessment ("**ORSA**") requires insurers to undertake a self-assessment of their risks, corresponding solvency requirements and adequacy of own funds. The third pillar concerns transparency and requires extensive reporting to supervisory authorities and a solvency and financial condition report to be made public.

While the aim of Solvency II is to introduce a harmonised, risk-based approach to solvency capital, there is a risk of differences in interpretation and a risk of failure by supervisory authorities to align Solvency II approaches across Europe, resulting in an unequal competitive landscape. This risk may be exacerbated by discretionary powers afforded to supervisory authorities in Member States. Whereas certain of the VIVAT Group's competitors may benefit from such failures or discretionary powers, the VIVAT Group's business could be placed at a competitive disadvantage.

In certain specific situations DNB may impose a capital add-on (i.e., a higher SCR) for the VIVAT Group. DNB has indicated that also absent a capital add-on, it feels that it is not prudent for an insurer or insurance group to target an SCR ratio of only 100%.

Should the VIVAT Group not adequately comply with the Solvency II requirements in relation to capital, risk management, documentation, and reporting processes, this could have a material adverse effect on its business, revenues, solvency (via a DNB prescribed capital add-on), results, financial condition and prospects. Additionally, there is a risk of changes to the Solvency II requirements (for example regarding the level of the UFR, the last liquid point, the underlying portfolio of the VA and own funds requirements) and/or differences in future interpretation by DNB of the Solvency II requirements and the current interpretation applied by VIVAT (for example regarding the application of the UFR in the profit sharing curve and recoverability, loss absorbing capacity of deferred taxes and own funds requirements). In this regard, for example reference is made to the "Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation", which was published on 6 November 2017, and which may lead to changes to Solvency II. All of these can have a material adverse effect on the VIVAT Group's business, revenues, solvency (via a DNB prescribed capital add-on), results, financial condition and prospects.

Risk and impact of recent and ongoing financial regulatory reform initiatives

Legislators and supervisory authorities, predominantly in Europe and in the United States but also elsewhere, are currently introducing and implementing a wide range of proposals that could result in major changes to the way the VIVAT Group's global operations are regulated and could have material adverse consequences for its business, business model, revenues, financial condition, results,

reputation and prospects. The VIVAT Group may also be materially and adversely affected by changes in interpretation of existing rules, for example as a result of court judgments, or developing or changing views of regulators, tax authorities and other authorities on the application of rules. Changes in law also affect the VIVAT Group's business operations, revenues, results, financial condition and prospects. Currently, proposed or debated regulatory changes are likely to have a material impact on the VIVAT Group. Recent and ongoing prudential, conduct of business and more general regulatory and other legislative initiatives include but are not limited to:

- **EMIR.** Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over-the-counter ("**OTC**") derivatives, central counterparties and trade repositories ("**EMIR**") has introduced new requirements to improve transparency and reduce the risks associated with the derivatives market. Some of these requirements have already entered into force, while others will do so in the near future. As a result, certain parties that enter into derivative contracts must report certain information on these contracts and their counterparties to a trade repository, apply risk mitigating techniques (including portfolio compression, marked-to-market valuation, and margining, if applicable) for all OTC derivative trades that are not cleared by a central counterparty, and clear OTC derivatives that are subject to a central clearing obligation set forth in EMIR through a central counterparty.
- **Mortgage Credit Directive.** The VIVAT Group's activities in granting mortgage loans to consumers are subject to various conduct of business rules, in particular those implementing Directive 2014/17/EU of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 ("**Mortgage Credit Directive**"). The main provisions of the directive include information requirements, the obligation to conduct a documented creditworthiness assessment before granting the credit and requirements on early repayment. The rules implementing the Mortgage Credit Directive have been applicable as of 14 July 2016. In March 2017, the AFM issued guidance on how the costs charged to consumers for early repayments should be calculated. The AFM urged the providers of mortgage loans to re-calculate the costs that had been charged to consumers for early repayment since 14 July 2016 before the end of 2017.
- **MiFID II.** MiFID II and a Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("**MiFIR**") will replace, extend and improve existing European rules on markets in financial instruments, will give more extensive powers to supervisory authorities and will introduce the possibility to impose higher fines in case of infringement of its requirements. Under MiFID II and MiFIR, rules on transparency and oversight of financial markets, including derivatives markets, will be extended to have a broader application. MiFID II will strengthen investor protection by introducing additional organisational and conduct requirements. Most rules of MiFIR will apply as of 3 January 2018; the rules of MiFID II must be transposed into the national jurisdictions of the EU Member States by 3 July 2017 and the EU Member States must apply most of these rules as from 3 January 2018. The Dutch Implementing Act (*Wet implementatie richtlijn markten voor financiële instrumenten 2014*) is pending in the Dutch Parliament and is expected to be adopted shortly.
- **PRIIPS.** The Packaged Retail Investment and Insurance Products Regulation ("**PRIIPS Regulation**") requires a key information document ("**KID**") to be provided when offering packaged retail investment and insurance products ("**PRIIPS**") to certain clients. This document must include information on the features, risks and costs of the relevant product. The PRIIPS

Regulation covers, among other products, insurance-based investment products, structured investment products and collective investment schemes. The PRIIPS Regulation will apply from 1 January 2018.

- **Financial transaction tax.** In February 2013, the EC published a proposed directive for a common financial transaction tax ("**FTT**") to be implemented in 11 participating EU Member States, being Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the FTT-zone (the "**Participating Member States**"). As of the date of this Offering Memorandum, it has not been proposed that the Netherlands become a Participating Member State. The proposed directive has a very broad scope. Under the proposed directive, the FTT could, if introduced in the form proposed in February 2013, among other things, levy a tax on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the FTT-zone. 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. On 10 October 2016, the Participating Member States, minus Estonia, reached political agreement as to the core of the FTT, but further details remain subject to negotiation between the Participating Member States and may be the subject of further legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional member states of the European Economic Area may decide to participate and/or certain of the Participating Member States may decide to withdraw. If the FTT were to come into force and to the extent the FTT were to apply, the VIVAT Group could incur significant additional costs.
- **FATCA.** Based on sections 1471-1474 of the United States Internal Revenue Code of 1986, as amended ("**U.S. Internal Revenue Code**") and Treasury Regulations thereunder, a 30% withholding tax may be imposed on U.S. source payments to a non-U.S. (foreign) financial institution (an "**FFI**"), unless the FFI either concludes an agreement with the United States Internal Revenue Service, under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements (an "**FFI Agreement**") or is based in a jurisdiction where the local government has concluded an inter-governmental agreement with the U.S. to facilitate the implementation of FATCA, as defined below (an "**IGA**"). On 18 December 2013, the U.S. and the Netherlands entered into an IGA. The VIVAT Group intends to continuously comply with the requirements of any IGA, or local legislation implementing an IGA, that is applicable to any VIVAT Group company. The Foreign Account Tax Compliance Act ("**FATCA**") has had and may continue to have a considerable administrative impact on the VIVAT Group, particularly on its client on-boarding processes, client administration and reporting systems.
- **4th EU AML/CFT Directive.** On 26 June 2015, Directive (EU) No 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 money laundering or terrorist financing, 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 (the "**4th EU AML/CFT Directive**"), entered into force, enhancing the existing EU measures to combat money laundering and the financing of terrorism. Although the deadline was 26 June 2017, the provisions of the directive (to the extent that they are new) still need to be transposed into Dutch law. The two separate implementing acts (*Implementatiewet vierde anti-witwasrichtlijn* and *Implementatiewet registratie uiteindelijk belanghebbenden*) were publicly

consulted in 2016 and 2017 respectively and are expected to be submitted to the Dutch Parliament shortly. Important changes in the EU requirements regarding anti-money laundering and the countering of the financing of terrorism (EU AML/CFT requirements) relate to additional requirements for identification and verification of the ultimate beneficial owner and extension of the definition of politically exposed persons ("**PEP's**") to domestic PEP's. The changes will have considerable impact on client on-boarding processes and may require re-papering of client files to meet the obligations on a group wide level. In the meantime, a directive amending the 4th EU AML/CFT Directive with further enhancements to the existing EU measures is being debated in the European Parliament and the Council.

- **IDD.** By 23 February 2019, EU Member States will need to have implemented and apply Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (the "**Insurance Distribution Directive**" or "**IDD**"), which contains a revision of the Insurance Mediation Directive. Highlights of the IDD include the following:
 - new professional and organisational requirement, including a minimum of 15 hours per year for continuous training and development for those involved in insurance distribution;
 - new disclosure requirements obliging insurance intermediaries to disclose to their customers potential conflicts of interest and the nature of their remuneration;
 - the sale of insurance products should be accompanied by a 'demands and needs'-test based on information obtained from the customer. If an insurance contract is proposed, it should be consistent with these demands and needs;
 - new requirements relating to insurance product information. In particular, manufacturers of non-life insurance products will have to draw up a new standardised information document (the insurance product information document);
 - new requirements relating to cross-selling and packaged sales. For example, in the case of the sale of an insurance product as part of a package with other (ancillary) goods or services, the intermediary will have to inform customers whether it is possible to purchase the components of the package separately and, if so, evidence of the costs and charges of each component when purchased separately;
 - new requirements relating to product oversight and governance. Insurance undertakings and intermediaries that manufacture insurance products must maintain, operate and review a process for the approval of each insurance product, before it is marketed or distributed to customers. The product approval process must specify an identified target market for each product, ensure that all relevant risks to such identified target market are assessed and that the intended distribution strategy is consistent with the identified target market, and take reasonable steps to ensure that the insurance product is distributed to the identified target market; and
 - additional stricter requirements for the sale of insurance-based investment products. These in particular relate to the prevention of conflicts of interest, additional information requirements, commissions and the assessment of suitability and appropriateness of specific product for specific customers.

These changes are likely to have a significant effect on the European insurance market. In particular, the IDD is likely to increase compliance obligations regarding direct sales, increasing compliance costs and the complexity of direct sales procedures. A draft Act implementing the IDD was published for public consultation on 23 December 2016 and was submitted to the Dutch Parliament on 6 September 2017.

Risk Related to the Legal Structure of the VIVAT Group

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

VIVAT is a holding company with no material, direct business operations, but is authorised to act to a limited degree as intermediary for insurances of its subsidiaries SRLEV and Reaal Schadeverzekeringen and it employs all personnel and services of the business with staff support) and relies on its available buffer and operating subsidiaries to provide it with liquidity. Nevertheless, all employees within the VIVAT Group are employed by VIVAT and VIVAT operationally runs the various staff departments. Consequently, VIVAT pays all costs relating to employment (however, these costs are pushed down to the operating subsidiaries). The principal assets of VIVAT are the equity and debt interests (including restricted Tier 1 and/or Tier 2 debt) it directly or indirectly holds in its operating subsidiaries (which is a form of intra-group financing). As a result, VIVAT's business, revenues, results, financial condition and prospects are substantially dependent on the trading performance of its consolidated subsidiaries. VIVAT's ability to pay amounts due on the Notes will depend upon the level of distributions, interest payments and loan repayments, if any, received from VIVAT's operating subsidiaries, any amounts received on asset disposals and the level of cash balances. The ability of VIVAT's subsidiaries to make such distributions and other payments depends on their earnings and solvency position and may be subject to regulatory limitations as set out in the risk factor "*Additional requirements for Dutch insurers to repay capital or to pay out distributions from reserves*" above and to other legal and regulatory limitations.

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

Risks Related to the Notes

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 VIVAT 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:

- (i) 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 Memorandum or any applicable supplement;
- (ii) 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;
- (iii) 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;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Legality of purchase

Neither VIVAT, 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.

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 (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) 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.

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.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or 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 in the chapter entitled "Taxation"; 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 Memorandum but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only this adviser is in a position to duly consider the specific situation of the potential investor. This risk factor has to be read in connection with the taxation sections of this Offering Memorandum.

Change of law and jurisdiction

The Terms and Conditions of the Notes are based on Dutch law in effect as at the date of this Offering Memorandum. 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 Memorandum. Prospective investors should note that the Dutch courts shall have jurisdiction in respect of any disputes involving the Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Notes against VIVAT in any court of competent jurisdiction. Dutch law may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

Credit ratings may not reflect all risks

The Notes are expected to be rated BB by Fitch. The credit 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 Notes may affect the market value of the Notes

Fitch is expected to assign a BB rating to the Notes. Fitch 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.

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

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

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 VIVAT Group is entitled to buy the Notes, which may then be cancelled or caused to be cancelled, and to issue further notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing securities are introduced in the markets, this may adversely affect the value of the Notes.

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

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

Exchange rate risks and exchange controls

VIVAT will pay principal and interest on the Notes in US dollar. 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 US dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar 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 US dollar would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) 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.

Risks relating to the structure of the Notes

Integral multiples of less than USD 100,000

The denomination of the Notes is USD 200,000 and integral multiples of USD 1,000 in excess thereof, up to and including USD 399,000. Therefore, it is possible that the Notes may be traded in amounts in excess of USD 200,000 that are not integral multiples of USD 200,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than USD 200,000 will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations.

VIVAT's obligations under the Notes are subordinated

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

In the event of the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling* or *noodregeling*, as applicable)) or dissolution (*ontbinding*) or liquidation (*vereffening*) of VIVAT, the payment obligations of VIVAT under the Notes shall rank in right of payment after the claims of all Senior Creditors of VIVAT 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 VIVAT 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 any Junior Obligations.

In the event of incomplete payment of creditors ranking senior to holders of the Notes (in the context of the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling* or *noodregeling*, as applicable)) or dissolution (*ontbinding*) or liquidation (*vereffening*) of VIVAT) the obligations of VIVAT 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 VIVAT become insolvent or be dissolved or liquidated.

The Notes are undated securities with no events of default.

The Notes are undated, perpetual securities in respect of which there is no fixed maturity or redemption date and VIVAT shall only have the right to repay them in limited circumstances. The Issuer is under no obligation to redeem the Notes at any time and the Noteholders have no right to call for their redemption. Noteholders may only declare Notes due and repayable in the case of the liquidation of the Issuer. Liquidation may occur as a result of the winding-up of VIVAT (*ontbinding en vereffening*), bankruptcy (*faillissement*) of VIVAT, the suspension of payments (*surseance van betaling*) being applied to VIVAT or emergency regulations (*noodregeling*) in either case if that constitutes a liquidation.

Accordingly, if VIVAT 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.

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

Deferral of interest payments

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

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

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

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

If a Compulsory Interest Payment Event has occurred during the period of six months prior to and ending on an Interest Payment Date, VIVAT will be obliged to pay interest and Arrears of Interest on such Interest Payment Date, provided that no Capital Adequacy Event has occurred and is continuing on such Interest Payment Date and the payment of such amount would in itself not cause a Capital Adequacy Event. A Compulsory Interest Payment Event means (i) a declaration by the general meeting of shareholders of VIVAT, or a payment, of a dividend, distribution or coupon in any form on any Junior Obligations or (ii) VIVAT purchases or otherwise acquires any Junior Obligations (other than any Junior Obligations purchased or otherwise acquired by VIVAT (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, (C) in connection with financial restructuring, mergers or acquisitions, split-offs, divestments or alike corporate transactions or (D) in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as such Junior Obligations), save in both cases (i) and (ii) above where the terms of such Junior Obligations do not enable VIVAT or relevant other person to defer, pass on or eliminate such dividend or other distribution or where a redemption is required to be effected under such terms.

Therefore, payments on instruments ranking *pari passu* with the Notes will not trigger an obligation for VIVAT to pay interest or Arrears of Interest on the Notes.

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

Early redemption risk

Subject to the Prior Approval of the Relevant Supervisory Authority, VIVAT may redeem the Notes in whole, but not in part, on the First Call Date or on each fifth anniversary of the First Call Date.

VIVAT 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, a Rating Methodology Event or an Accounting 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 VIVAT to redeem the Notes may affect their market value. From the First Call Date, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the First Call Date.

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

Optional early redemption, exchange or variation of the Notes for 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 Netherlands or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. If 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, VIVAT 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 of an opinion of a recognised law firm of international standing has been delivered to VIVAT 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 VIVAT in respect of the Notes would no longer be deductible in whole or in part, VIVAT 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, VIVAT 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* below 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 Tier 2 Capital of the Issuer or the VIVAT Group on a consolidated basis. If as a result of any change in the Applicable Regulations (or an official application or interpretation thereof), on or after the Issue Date, all or part of the proceeds of any outstanding Notes would cease to be eligible as Tier 2 Capital of VIVAT or the VIVAT Group whether on a solo, group or consolidated basis (in each case, as applicable), except where such non-qualification is only as a result of any applicable limitation on the amount of such capital, VIVAT 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, VIVAT 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* below 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 VIVAT that the proceeds of such Notes obtain a favourable equity content (a certain qualification of the treatment of the Notes by Fitch as capital of VIVAT) to be assigned, *inter alia*, in line with existing methodology. Fitch may at some point revise its methodology which may affect the equity content assigned to the Notes. VIVAT has the right, should such equity content assigned 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 Fitch on or after the Issue Date, 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 to the exchanged or varied Notes is at least the same as the equity content assigned to the Notes on their issue. Alternatively, VIVAT has the right, under the same circumstances, to redeem the Notes early as further described in *Early redemption risk* and *Redemption of the Notes is subject to certain conditions* above and in *Terms and Conditions of the Notes - Redemption and Purchase*.

Optional early redemption of the Notes for accounting reasons

The Notes are issued with the intention on the part of VIVAT that the Notes may be recorded as “liabilities” in the next following audited annual financial statements of the Issuer. The accounting principles or the application thereof may at some point change which may affect the “liability” accounting treatment of the Notes. In such circumstances, VIVAT has the right to redeem the Notes early as further described in *Early redemption risk* and *Redemption of the Notes is subject to certain conditions* above and in *Terms and Conditions of the Notes - Redemption and Purchase*.

Redemption or purchase of the Notes is subject to certain conditions

Any redemption or purchase of the Notes is subject to the Prior Approval of the Relevant Supervisory Authority. Furthermore, the Notes may only be redeemed if (i) VIVAT is in compliance with all Applicable Regulations, including but not limited to the situation that no Capital Adequacy Event has occurred and is continuing on the redemption or purchase date, or such redemption or purchase would itself not cause a Capital Adequacy Event, (ii) VIVAT is Solvent prior to the relevant redemption or purchase date and as result of such redemption or purchase the Solvent position of VIVAT would not change and (iii) no Insolvent Insurer Liquidation has occurred and is continuing on the relevant redemption or purchase date. Non-compliance with any of these conditions by VIVAT establishes a Mandatory Redemption Deferral Event, except in case of certain circumstances, amongst others, where the Relevant Supervisory Authority has exceptionally waived the deferral of such principal payment.

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, a Rating Methodology Event or an Accounting Event or a purchase of the Notes that is within five years from the Issue Date, such redemption or purchase 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 required pursuant to the then Applicable Regulations. See further 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 VIVAT may issue or guarantee. VIVAT 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 VIVAT's financial condition was to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including deferral of interest and, if VIVAT were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

Because the Global Notes are held by or on behalf of Clearstream, Luxembourg and Euroclear, investors will have to rely on their procedures for transfer, payment and communication with VIVAT

The Notes will be represented by Global Notes. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Notes, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

VIVAT will discharge its payment obligations under the Notes by making payments to the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Notes must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. VIVAT has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. In addition, VIVAT has no responsibility for the proper performance by Euroclear and Clearstream, Luxembourg or their participants of their obligations under their respective rules and operating procedures.

Interest rate risk

Interest on the Notes before the First Call Date involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Interest on the Notes for each Relevant Five-Year Period shall be calculated on the basis of the mid swap rates for US dollar swap transactions with a maturity of five years plus a margin of (i) 4.174 per cent. for the first Relevant Five-Year Period and (ii) 5.174 per cent. for each Relevant Five-Year Period after the first Relevant Five-Year Period. These mid swap rates are not pre-defined for the lifespan of the Notes. Higher mid swap rates for US dollar swap transactions mean a higher interest on the Notes and lower mid-swap rates mean a lower interest on the Notes. As a consequence, the interest rate in respect of the Notes following the First Call Date may be less favourable than the prevailing interest rate in respect of the Notes prior to the First Call Date.

IMPORTANT INFORMATION

Responsibility Statement

VIVAT accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of VIVAT (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum 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 as contained in this Offering Memorandum 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 VIVAT or the Joint Lead Managers (as defined under "*Subscription and Sale*" below). Neither the delivery of this Offering Memorandum 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 VIVAT Group since the date hereof.

The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of VIVAT 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 Memorandum or any other information provided by VIVAT in connection with the offering of the Notes. The Joint Lead Managers accept no responsibility in relation to the information contained in this Offering Memorandum or any other information provided by VIVAT 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 VIVAT is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Offering Restrictions

This Offering Memorandum should not be considered as a recommendation by VIVAT or the Joint Lead Managers that any recipient of this Offering Memorandum 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 VIVAT and of the suitability of an investment in the Notes in light of its own circumstances.

This Offering Memorandum 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 Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. VIVAT and the Joint Lead Managers do not represent that this Offering Memorandum 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 VIVAT or the Joint Lead Managers which is intended

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

The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, 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 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (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.

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 Offering Memorandum, see "*Subscription and Sale* below".

Miscellaneous

This Offering Memorandum should be read and understood in accordance with any amendment or supplement hereto and with any other documents incorporated by reference herein.

All references in this Offering Memorandum 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. All references in this Offering Memorandum to US\$, US dollar, USD or \$ refer to the lawful currency of the United States.

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

In connection with the issue of the Notes, Deutsche Bank AG, London Branch (or any person acting on behalf of the Stabilising Manager) (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 such 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 in accordance with all applicable laws and rules.

KEY 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 Memorandum. 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:	VIVAT N.V.
The Notes:	USD 575,000,000 Fixed to Fixed Undated Subordinated Notes.
Issue Date:	16 November 2017
No Maturity Date:	The Notes are perpetual and have no fixed maturity or redemption date.
First Call Date	16 November 2022, subject as further set out below under “Conditions to Redemption” and “Deferral of Redemption Date”.
Status and Subordination:	The Notes and the Coupons rank <i>pari passu</i> and without any preference among themselves and constitute direct, unconditional, unsecured and subordinated obligations of the Issuer, ranking (a) junior to the claims of all Senior Creditors of the Issuer, (b) <i>pari passu</i> with any Parity Obligations and (c) in priority to claims in respect of any Junior Obligations.
Interest:	<p>Subject to Condition 3.7, the Notes will bear interest (i) from (and including) the Issue Date to (but excluding) the First Call Date at a fixed rate of 6.250 per cent. per annum payable semi-annually in arrear on 16 May and 16 November in each year.</p> <p>In respect of each Relevant Five-Year Period from the First Call Date, 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 (i) in respect of the first Relevant Five-Year Period a margin of 4.174 per cent. and (ii) in respect of each Relevant Five-Year Period after the first Relevant Five-Year Period a margin of 5.174 per cent., payable semi-annually in arrear on each Interest Payment Date, commencing on 16 May 2023.</p>
Deferral of Interest:	On any Optional Interest Payment Date, the Issuer may elect to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

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

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

Without prejudice to the foregoing, any unpaid Arrears of Interest resulting from any deferral of interest on an Optional Interest Payment Date shall become due and payable by no later than the Interest Payment Date falling on or after the twentieth anniversary of such Optional Interest Payment Date in respect of which the Issuer elected to defer the relevant accrued interest, provided that the date on which such Arrears of Interest are paid no Mandatory Interest Deferral Event has occurred and is continuing.

Optional Early Redemption as from First Call Date:

The Issuer may, 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 First Call Date or on each fifth anniversary of the First Call Date.

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 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, and that this cannot be avoided by the Issuer taking reasonable measures available to it at the time and that the Tax Deductibility Event does not arise as a result of a Coalition Agreement Deductibility Event, the Issuer may, 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 (which is either a Gross-Up Event or a Tax Deductibility Event) has occurred with respect to the Notes on or after the Issue Date, the Issuer may, instead of redeeming the Notes in the manner described above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for new notes (the **Exchanged Notes**), or (ii) vary the terms of all but not some only of the Notes (the **Varied Notes**), so that in either case 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, the Issuer may, 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 and/or the Group is subject to regulatory supervision by the Relevant Supervisory Authority and (ii) as a result of any replacement of or change to the Applicable Regulations (or change to the interpretation thereof by any court, the Relevant Supervisory Authority or any other authority entitled to do so) at any time whilst any of the Notes are outstanding the full 100 per cent. of the proceeds of such Notes can no longer be treated as Tier 2 Capital of the Issuer or the Group, whether on a solo, group or consolidated basis (in each case, as applicable), 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, 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) Varied Notes, so that in either case the aggregate nominal amount of the Exchanged Notes or Varied Notes (as the case may be) is treated under the then Applicable Regulations as at least Tier 2 Capital of the Issuer or the Group.

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

Optional Early Redemption for Rating Reasons:

If at any time, the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes, the Issuer may, subject to 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.

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

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, 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) Varied 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 Noted 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.

Optional Early Redemption for Accounting Reasons: If at any time, the Issuer determines that an Accounting Event has occurred with respect to the Notes, the Issuer may, 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.

An **Accounting Event** shall be deemed to occur if, as a result of a change in accounting principles or the application thereof which becomes effective on or after the Issue Date, but not otherwise, the obligations of the Issuer under the Notes must not or may no longer be recorded as "liabilities" in the next following audited annual financial statements of the Issuer, prepared in accordance with IFRS or any other accounting standards that the Issuer applies in the preparation of its audited annual financial statements in accordance with Dutch company law (applicable accounting standards).

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.

Conditions to Redemption and Purchase: Subject to the Prior Approval of the Relevant Supervisory Authority, the Notes may only be redeemed or purchased on the Maturity Date or pursuant to any of the optional early redemption or purchase provisions referred to above if (i) the Issuer is in compliance with all Applicable Regulations, including but not limited to the situation that no Capital Adequacy Event has occurred and is continuing on the relevant redemption or purchase date, or such redemption or purchase would itself not cause a Capital Adequacy Event, (ii) the Issuer is Solvent prior to the relevant redemption or purchase date and as result of such redemption or purchase the Solvent position of the Issuer would not change, and (iii) no Insolvent Insurer Liquidation has occurred and is continuing on the relevant redemption or purchase date. Non-compliance with any of these conditions by the Issuer establishes a **Mandatory Redemption Deferral Event**, provided, however, that the non-compliance with (i) above will not constitute a Mandatory Redemption Deferral Event if (i) the Relevant Supervisory Authority has exceptionally waived the suspension of redemption of the Notes, (ii) the Notes are exchanged for or converted into another tier 1 or tier 2

basic own-fund 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 required pursuant to the then Applicable Regulations.

Deferral of Redemption Date:

Noteholders will be notified if redemption of the Notes shall be deferred as a result of the occurrence 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 obtained after the Mandatory Redemption Deferral Event has ceased; 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.

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 or emergency regulations (*noodregeling*) in either case if that constitutes a liquidation.

Meetings of Noteholders:

The Terms and Conditions contain 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.

Listing and Admission to Trading:

Application has been made to The Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on the *Global Exchange Market* of the Irish Stock Exchange.

This Offering Memorandum has been approved by the Irish Stock Exchange.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, Dutch law.

Form:

The Notes will be issued in bearer form in denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof up to and including USD 399,000.

Credit Ratings:

The Notes are expected to be assigned on issue a rating of BB by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and is 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 VIVAT may adversely affect the market price of the Notes.

Fitch is established in the EU and is registered under the Regulation (EC) No 1060/2009 on credit rating agencies, as amended.

Selling Restrictions:

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions only in compliance with applicable laws and regulations. See "*Subscription and Sale*" below.

Risk Factors:

There are certain factors that may affect VIVAT'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*".

Use of Proceeds:

The net proceeds from the issue of the Notes will be applied by the VIVAT Group to optimise its financing structure, including the repayment of the current subordinated financing provided by Anbang. Any remaining proceeds will be applied for general corporate purposes.

International Securities Identification XS1717202490
Number ("ISIN"):

Common Code: 171720249

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 USD 575,000,000 Fixed to Fixed Rate Undated Subordinated Notes (the **Notes**) of VIVAT N.V. (the **Issuer**) are issued subject to and have the benefit of an agency agreement dated 16 November 2017 (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 **US\$, US dollar, USD** or **\$** are references to the lawful currency of the United States.

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 USD 200,000 and integral multiples of USD 1,000 in excess thereof, up to and including USD 399,000 each with Coupons attached on issue.

1.2 Title

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

1.3 Holder Absolute Owner

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

2. STATUS OF THE NOTES

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

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

Junior Obligations means any present and future security or obligation (including any classes of share capital of the Issuer) which counts on issue as Tier 1 Capital of the Issuer and any other securities or obligations of the Issuer that rank or are expressed to rank junior to Parity Obligations or rank equally and rateably with Tier 1 Capital of the Issuer.

Parity Obligations means any present and future, dated or undated 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 Capital has the meaning given in the Solvency II Directive or Applicable Regulations (in each case as defined in Condition 3.7), as interpreted by the Relevant Supervisory Authority from time to time.

3. INTEREST

3.1 General

Subject to Condition 3.7, the Notes shall bear interest on their principal amount from (and including) the Issue Date, to (but excluding) the First Call Date, at a fixed rate of 6.250 per cent. per annum (the **Initial Interest Rate**), payable semi-annually in arrear on 16 May and 16 November in each year (each an **Interest Payment Date**), commencing on 16 May 2018 until (and including) the First Call Date.

In respect of each successive five-year period from (and including) the First Call Date, (each a **Relevant Five-Year Period**), subject to Condition 3.7, the Notes shall bear interest on their principal amount at a reset rate per annum as is equal to the sum of the Relevant Five-Year Reset Rate plus (i) in respect of the first Relevant Five-Year Period a margin of 4.174 per cent. and (ii) in respect of each Relevant Five-Year Period after the first Relevant Five-Year Period a margin of 5.174 per cent., as determined by the Calculation Agent on each Reset Rate Determination Date (the **Reset Rate**), payable semi-annually in arrear on each Interest Payment Date, commencing on 16 May 2023.

For the purpose hereof:

Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City and Amsterdam.

First Call Date means the Interest Payment Date falling on 16 November 2022.

Issue Date means 16 November 2017.

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

Relevant Five-Year Reset Rate means the mid swap rate for US dollar swap transactions with a maturity of five years displayed on Bloomberg page "ISDAFIX1" (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at or around 11.00 a.m. (Central European Time) on the Reset Rate Determination Date. If such mid swap rate does not appear on that page, the Relevant Five-Year Reset Rate shall instead be equal to the arithmetic mean (expressed as a percentage and rounded, if necessary, to the nearest 0.0001 per cent. (0.00005 per cent. being rounded upwards)) of the quotations provided by the principal office of each of four major banks in the US dollar swap market, as selected by the Issuer in its discretion and notified to the Calculation Agents, of the rates at which swaps in US dollar are offered by it at approximately 11.00 a.m. (Central European Time) on the Reset Rate Determination Date to participants in the US dollar swap market for a five-year period such arithmetic mean to be 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 (i) in the case of the Relevant Five-Year Period commencing the First Call Date, 2.076 per cent. per annum or (ii) in the case of each Relevant Five-Year Period other than the Relevant Five-Year Period commencing on the First Call Date, the Relevant Five-Year Reset Rate in respect of the immediately preceding Relevant Five-Year Period.

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

3.2 Interest Accrual

The Notes will cease to bear interest from and including the date for redemption (if any) 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 whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 10.

3.3 Interest Amount

The amount of interest payable on each Note on each Interest Payment Date (the **Interest Amount**) will be the product of the principal amount of such Note and the relevant Rate of

Interest, multiplied by the Day Count Fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

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

Day Count Fraction means (i) in respect of an Interest Amount payable on a scheduled Interest Payment Date, 0.5; 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 (being calculated on the basis of a year of 360 days with 12 30-day months), divided by 360.

3.4 Publication of Reset Rate and Interest Amount

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

3.5 Notifications, etc. to be final

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

3.6 Calculation Agent

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

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

3.7 Interest Deferral

(i) *Optional Interest Payment Dates*

On any Optional Interest Payment Date (as defined below), the Issuer may elect, by notice to (x) the Noteholders in accordance with Condition 10 and (y) the Fiscal Agent pursuant to sub-paragraph (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 Payment Date or a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.7(i) or 3.7(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 paid pursuant to (A), (B) or (C) above no Mandatory Interest Deferral Event has occurred and is continuing.

Without prejudice to the foregoing, any unpaid Arrears of Interest resulting from any deferral of interest on an Optional Interest Payment Date shall become due and payable by no later than the Interest Payment Date falling on or after the twentieth anniversary of such Optional Interest Payment Date in respect of which the Issuer elected to defer the relevant accrued interest, provided that the date on which such Arrears of Interest are paid 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 Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 3.7(i); and
- (B) if that Interest Payment Date is a Mandatory Interest Deferral Date and specifying that interest will not be paid because (a) a Capital Adequacy Event has occurred and is continuing or would occur or (b) 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 Capital Adequacy Event occurs less than five (5) Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral as soon as practicable following the occurrence of such event and before such Mandatory Interest Deferral Date.

So long as the Notes are listed on the Irish Stock Exchange 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 3.7 and for the purposes of the Conditions:

Applicable Regulations means any legislation, rules or regulations (whether having the force of law or otherwise) applying to the Issuer or any Insurance Undertaking or Reinsurance Undertaking within 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 the Solvency II Directive.

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 directors, or as the case may be, the administrator, receiver, liquidator, examiner or similar official may determine to be appropriate.

Capital Adequacy 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.

Compulsory Interest Payment Date means each Interest Payment Date (i) in respect of which during the period of six 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, distribution or coupon in any form on any Junior Obligations or (ii) the Issuer purchases or otherwise acquires any Junior Obligations (other than any Junior Obligations 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, (C) in connection with financial restructuring, mergers or acquisitions, split-offs, divestments or alike corporate transactions, or (D) in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as such Junior Obligations), save in both cases (i) and (ii) above where the terms of such Junior Obligations do not enable the Issuer or relevant other person to defer, pass on or eliminate such dividend or other distribution or where a redemption is required to be effected under such terms.

Group means the Issuer and its direct and indirect subsidiaries.

Insurance Undertaking has the meaning given to such term in article 13 of the Solvency II Directive.

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 directors, 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 such Mandatory Interest Deferral Event is continuing on such Interest Payment Date.

Mandatory Interest Deferral Event means (i) a Capital Adequacy Event has occurred and such Capital Adequacy Event is continuing or (ii) the payment (in whole or in part) of interest would in itself cause a Capital Adequacy 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 (i) or (ii) 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 payment 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 Solvency II Directive or the Applicable Regulations from time to time.

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

Pari Passu Creditors means the creditors in respect of any Parity Obligations.

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.

Reinsurance Undertaking has the meaning given to such term in article 13 of the Solvency II Directive.

Solvency II Directive means Directive No 2009/138/EC of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) including, where applicable, the implementing measures thereunder, as the same may be amended from time to time.

Solvency Capital Requirement means the Solvency Capital Requirement of the Group referred to in, or any other capital requirement relating to the Issuer or the Group (other than the Minimum Capital Requirement) howsoever described in, the Solvency II Directive or the Applicable Regulations from time to time.

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

Tier 2 Capital has the meaning given in the Solvency II Directive or Applicable Regulations, as interpreted by the Relevant Supervisory Authority from time to time.

4. REDEMPTION AND PURCHASE

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

4.1 No fixed maturity date

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

4.2 Optional Early Redemption as from First Call Date

The Issuer may, subject to 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 First Call Date or on each fifth anniversary of the First Call Date.

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 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**), and that this cannot be avoided by the Issuer taking reasonable measures available to it at the time and that the Tax Deductibility Event does not arise as a result of a Coalition Agreement Deductibility Event, the Issuer may, 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.

For the purpose of this Condition 4.3, a **Coalition Agreement Deductibility Event** means a Tax Deductibility Event that arises solely by the implementation of thin capitalisation rules for banks and insurers on the terms as set out in item N147 on page 67 of the coalition agreement of the proposed Dutch Government (*Regeerakkoord*) 2017 – 2021 published on 10 October 2017.

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, 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 executive board (*raad van bestuur*) of the Issuer (the **Executive Board**), shall have been delivered to the Fiscal Agent prior to the issue of the relevant securities or them otherwise becoming obligations of the Issuer);
- (ii) issued by or otherwise being obligations of the Issuer or another member of the Group, being a special purpose vehicle (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 Executive Board, shall have been delivered to the Fiscal Agent prior to the issue of the relevant securities or them otherwise becoming obligations of the Issuer);
- (iii) ranking at least equal to the Notes, provided that in the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling* or *noodregeling*, as applicable)), 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 Capital 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 substitution 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 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, the Issuer may, 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 and/or the Group is subject to regulatory supervision by the Relevant Supervisory Authority and (ii) as a result of any replacement of or change to the Applicable Regulations (or change to the interpretation thereof by any court, the Relevant Supervisory Authority or any other authority entitled to do so) at any time whilst any of the Notes are outstanding the full 100 per cent. of the proceeds of such Notes can no longer be treated as Tier 2 Capital of the Issuer or the Group, whether on a solo, group or consolidated basis (in each case, as applicable), 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, 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 Capital 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 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, the Issuer may, 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.

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) on or after the Issue Date as a result of which the equity content previously assigned by such Rating Agency to the Notes is, in the reasonable opinion of

the Issuer, materially reduced when compared to the equity content assigned by such Rating Agency at or around the Issue Date.

Rating Agency means Fitch 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, 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 Issuer pursuant to the conditions of such Exchanged Notes.

4.9 Optional Early Redemption for Accounting Reasons

If at any time, the Issuer determines that an Accounting Event has occurred with respect to the Notes, the Issuer may, 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.

For the purpose of this Condition 4.9:

An **Accounting Event** shall be deemed to occur if, as a result of a change in accounting principles or the application thereof which becomes effective on or after the Issue Date, but not otherwise, the obligations of the Issuer under the Notes must not or may no longer be recorded as "liabilities" in the next following audited annual financial statements of the Issuer, prepared in accordance with International Financial Reporting Standards (**IFRS**) or any other accounting standards that the Issuer applies in the preparation of its audited annual financial statements in accordance with Dutch company law (applicable accounting standards).

4.10 Purchases

The Issuer or any of its affiliated entities may at any time, subject to the Prior Approval of the Relevant Supervisory Authority and subject to Condition 4.11, 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.

4.11 Conditions to Redemption and/or Purchase

Subject to the Prior Approval of the Relevant Supervisory Authority, the Notes may only be redeemed or purchased pursuant to Conditions 4.2, 4.3, 4.5, 4.7, 4.9 and 4.10 if (i) the Issuer is in compliance with all Applicable Regulations, including but not limited to the situation that no

Capital Adequacy Event has occurred and is continuing on the relevant redemption or purchase date, or such redemption or purchase would itself not cause a Capital Adequacy Event, (ii) the Issuer is Solvent prior to the relevant redemption or purchase date and as result of such redemption or purchase the Solvent position of the Issuer would not change and (iii) no Insolvent Insurer Liquidation has occurred and is continuing on the relevant redemption or purchase date. Non-compliance with any of these conditions by the Issuer establishes a **Mandatory Redemption Deferral Event**, provided, however, that the non-compliance with (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 another tier 1 or tier 2 basic own-fund 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, 4.9 or 4.10 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 required pursuant to the then Applicable Regulations.

For the purpose of this Condition 4.11:

Group Insurance Undertaking means an Insurance Undertaking or a Reinsurance Undertaking of the Group.

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

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.

Solvent Insurer Liquidation means a liquidation of any Group Insurance Undertaking where the Borrower has determined, acting reasonably, that all Policyholder Claims of such Group Insurance Undertaking will be met.

4.12 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 4.2, 4.3, 4.5, 4.7 or 4.9 if such redemption is to be deferred as a result of the occurrence 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 specified in the notice of redemption by the Issuer under Condition 4.2, 4.3, 4.5, 4.7 or 4.9 as contemplated by this Condition 4.12, 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 4.12 will apply *mutatis mutandis* to determine the due date for redemption of the Notes), subject to Prior Approval of the Relevant Supervisory Authority obtained after the Mandatory Redemption Deferral Event has ceased; 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

Save as provided in paragraph 5.2 below, 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 outside the United States.

Payments will be made by credit or transfer to a US dollar account (or any other account to which US dollar may be credited or transferred) specified by the payee or, at the option of the payee, by US dollar 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 US dollar, or any currency conversion or rounding effect in connection with such payment being made in US dollar.

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

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

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

The Issuer's obligation to pay principal and interest on the Notes is discharged once it has paid the Paying Agent, and the Issuer has therefore no responsibility for any withholding or deduction on payments made thereafter through or by the Paying Agent and custodians or intermediaries.

5.2 Payments in New York City

Payments of principal or interest may be made at the specified office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of principal and interest (if any) on the Notes in US dollars when due, (ii) payment of the full amount of such principal or interest (if any) at the offices of all such Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

5.3 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.

5.4 Fiscal Agent, Paying Agents and Calculation Agent

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

Fiscal Agent, Paying Agent and Calculation Agent

DEUTSCHE BANK AG, LONDON BRANCH

Winchester House
1 Great Winchester Street
EC2N 2DB London
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. 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 the Official List of the Irish Stock Exchange and if the rules of such stock exchange so require, to such stock exchange.

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

6. TAXATION

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

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

- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Netherlands other than the mere holding of the Note or Coupon; or
- (ii) **Presentation more than 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
- (iii) **Payment by another Paying Agent:** presented for payment by or on behalf of a Noteholder or Couponholder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU.

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

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

7. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes and Coupons shall become prescribed 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, the suspension of payments (*surseance van betaling*) being applied to the Issuer or emergency regulations (*noodregeling*) in either case if that constitutes a liquidation.

9. MEETINGS OF NOTEHOLDERS AND MODIFICATION

(a) Meetings of Noteholders

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

(b) Modification

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

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

10. NOTICES

(a) Notices to Noteholders will be valid if published in the English language in a leading newspaper having general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*). So long as the Notes are listed on the Official List of the Irish Stock Exchange and the rules of such stock 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.vivat.nl) or the Irish Stock Exchange's website, www.isedirect.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 Dutch law.

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 REPRESENTED BY THE GLOBAL NOTES

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 set out in this Offering Memorandum. The following is a summary of certain of those provisions:

1 Exchange

On or after the day following the expiry of 40 days after the date of issue of the Temporary Global Note, VIVAT shall procure the delivery of the Permanent Global Note in substantially the form set out in the Agency Agreement. The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for definitive Notes in substantially the form set out in the Agency Agreement if either of the following events occurs:

- (a) Closure of clearing systems: Euroclear or Clearstream, Luxembourg 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 and no alternative clearing system is available;
- (b) an enforcement event (as set out in condition 8 of the Terms and Conditions) has occurred and is continuing; or
- (c) Payment of additional amounts: VIVAT has or will become obliged to pay additional amounts as provided for or referred to in condition 6 (Taxation) which would not be required were the Notes represented in definitive form.

Whenever the Permanent Global Note is to be exchanged for definitive Notes, VIVAT shall procure the prompt delivery (free of charge to the bearer) of such definitive Notes, duly authenticated and with Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

2 Payments

The bearer of the Temporary Global Note will not be entitled to receive any payment of interest due on or after the exchange date thereof unless, upon due certification, exchange of the Temporary Global Note is improperly withheld or refused. Payments due in respect of Notes for the time being represented by the Permanent Global Note shall be made to the bearer of this Permanent Global Note and each payment so made will discharge VIVAT's obligations in respect thereof.

Upon any payment in respect of the Notes represented by this Permanent Global Note, VIVAT shall procure that the amount so paid shall be entered pro rata in the records of the relevant clearing systems. In the case of any payment of principal, VIVAT shall procure that the amount so paid shall be entered pro rata in the records of the relevant clearing systems and, upon any such entry being made, the principal amount of the Notes recorded in the records of the relevant clearing systems and represented by the Permanent Global Note shall be reduced by the amount so paid. Any failure to make such entries shall not affect the discharge referred to in the previous paragraph.

VIVAT's obligation to pay principal and interest on the Notes is discharged once it has paid the Paying Agent and/or Euroclear and Clearstream, Luxembourg (as bearers of the Notes), and VIVAT has therefore no responsibility for any withholding or deduction on payments made thereafter through or by the Paying Agent, Euroclear and Clearstream (Luxembourg), custodians or intermediaries.

3 Notices

Notwithstanding condition 10 (Notices), while all the Notes are represented by a Global Note and such Global Note is deposited with a common safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with the condition 10 (Notices) on the date of delivery to Euroclear and Clearstream, Luxembourg.

4 Meetings

The holder of a Global Note shall (unless such Global Note represents only one Note) be treated as 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 USD 1,000 in principal amount of Notes.

5 Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions to be cancelled following its redemption or purchase will be effected by instruction to Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Notes which are cancelled.

6 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 VIVAT 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% 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, VIVAT shall be entitled to rely on consent or instructions given in writing directly to VIVAT 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, VIVAT 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. VIVAT 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 from the issue of the Notes will be applied by the VIVAT Group to optimise its financing structure, including the repayment of the current subordinated financing provided by Anbang. Any remaining proceeds will be applied for general corporate purposes.

INFORMATION ABOUT VIVAT AND BUSINESS OVERVIEW

General

VIVAT is a public limited liability company (*naamloze vennootschap*) established under the laws of the Netherlands and incorporated on 28 December 1990 as Reaal Verzekeringen N.V. VIVAT is formerly known as REAAL N.V. In 2015, REAAL N.V. was renamed to VIVAT N.V. VIVAT is registered at the Trade Register of the Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 30099450 with VIVAT N.V., REAAL, REAAL Verzekeringen, REAAL Volmacht College, REAAL College, VIVAT, VIVAT Verzekeringen, Reaal, Reaal College, Reaal Verzekeringen, Reaal Volmacht College and nowgo as its commercial names (*handelsnamen*). Its registered office is at Burgemeester Rijnderslaan 7, 1185 MD Amstelveen, the Netherlands. The telephone number of VIVAT is +31 (0)30 291 5915.

The articles of association of VIVAT were last amended by notarial deed executed on 26 July 2015. According to article 2 of VIVAT's articles of association, the objects of VIVAT are (a) to participate in, to co-operate with, to conduct management of and to grant advices and other services to legal entities and/or other businesses, including in particular legal entities and/or other business in the field of insurances, (b) to invest capital in properties, securities and other assets, (c) to provide security for the debts of legal persons or of other legal entities or persons, including group companies, and (d) all activities which are incidental to or which may be conducive to any of the foregoing.

As of 30 September 2017, the authorised share capital of VIVAT amounts to EUR 1,192,500 which is divided in 2,385 ordinary shares with a nominal value of EUR 500 each. 477 shares (20%) are issued and outstanding. As of 30 September 2017, the sole shareholder of VIVAT is Anbang, which owns all issued and outstanding shares (477 fully paid up shares). VIVAT operates as a standalone Dutch insurance company within the Anbang group of companies, with Anbang as its sole shareholder.

For more information on the VIVAT Group please see www.vivat.nl (including press releases, governance, strategy etc.).

History

For the sake of consistency, in this Offering Memorandum, the term "VIVAT N.V." is used also when referring to the period before the name-change of REAAL N.V. into VIVAT N.V. on 26 July 2015 and consequently, in such instances, this term should be read as referring to "REAAL N.V.". SNS REAAL N.V. was renamed to SRH N.V. on 30 September 2015. For the sake of consistency, in this Offering Memorandum, reference will be made to SRH N.V. when referring both to the period before the name change and after the name change. SNS Bank N.V. was renamed to Volksbank N.V. ("**Volksbank**") on 1 January 2017. For the sake of consistency, in this history description, reference will be made to Volksbank when referring both to the period before the name change and after the name change.

Description of History

VIVAT's history dates back to the beginning of the 20th century when two insurance companies, Concordia and De Centrale, were founded. These two companies were closely related to two trade unions and merged in 1990 after the merger of these trade unions and formed the REAAL group together with several small banks. During the 1990s, the REAAL group, which was partially owned by the trade union, grew significantly through acquisitions of Proteq and the Alkmaar based insurance company Hooge Huys.

In 1997, the saving banking group SNS merged with REAAL into SRH N.V. (formerly known as SNS REAAL N.V.). The company was listed on the stock exchange in 2006. SRH N.V. grew significantly through major acquisitions in 2006 and 2007 as it acquired property finance activities, Regiobank within the banking arm and the Dutch insurance activities of Axa (which itself was a product of various acquisitions) and Swiss Life (Zwitserleven) into the insurance arm of SRH N.V. The legal structure of all insurance entities was simplified such that all life activities except for the activities within Proteq Levensverzekeringen N.V. were merged into the legal entity SRLEV, and all non-life insurance activities were merged into Reaal Schadeverzekeringen, reducing the number of regulated insurance entities to three.

From 2009 onwards rising losses at Property Finance put increasing pressure on Volksbank's results and solvency. This ultimately led to the nationalisation of SRH N.V. and its subsidiaries on 1 February 2013.

The insurance activities were disentangled from the holding company SRH N.V. and transferred on 26 July 2015 under the name VIVAT to Anbang, a Chinese insurance group.

Nationalisation of SRH N.V. (formerly known as SNS REAAL N.V.)

Nationalisation

In January 2013, DNB found that the capital position of Volksbank, a direct subsidiary of SRH N.V., was insufficient to cover the company's current and possible future risks. The financial situation of SNS Property Finance B.V., a direct subsidiary of Volksbank (which was a sister company of VIVAT), was an important cause of the capital deficit of Volksbank. Volksbank came up with a plan by 31 January 2013 to improve Volksbank's capital position and to supplement the capital deficit.

On 1 February 2013, DNB found that Volksbank's proposal offered insufficient certainty that the capital deficit could be addressed in the short term. DNB did not consider it sound for Volksbank to continue carrying on its banking operations. The Minister of Finance, consequently, concluded that the stability of the financial system was placed at serious and imminent risk. On 1 February 2013, the Minister issued a decree (the "**Decree**") pursuant to sections 6:2 and 6:4 of the DFSA and nationalised SRH N.V.

Following the nationalisation, on 19 August 2013, the State of the Netherlands (the "**State**") filed a plan on the restructuring of SRH N.V. with the EC. The key elements of the restructuring plan include the sale of VIVAT (known as REAAL N.V. at the time) and its subsidiaries and the sale of ACTIAM. On 19 December 2013, the EC gave final approval on the restructuring plan pursuant to which the State was committed *vis-à-vis* the EC to execute the measures set out in the restructuring plan. By way of preparation for the divestment of VIVAT and its subsidiaries, SRH N.V. undertook to gradually disentangle the banking and the insurance businesses.

Shareholder: Anbang Group Holdings Co. Ltd.

On 16 February 2015, SRH N.V. announced the sale of VIVAT (known as REAAL N.V. at the time) and its subsidiaries including ACTIAM to Anbang, an indirect subsidiary of Anbang Insurance Group Co., Ltd. Completion of the sale was subject to regulatory approvals in the Netherlands and China being obtained. On 26 July 2015, it was announced that the regulatory approvals were obtained and that the sale was completed. Upon the sale, REAAL N.V., the statutory name of VIVAT at the time, was renamed VIVAT N.V.

Anbang is an investment company based in Hong Kong. Its main scope of business is investment holding. Anbang Insurance Group Co., Ltd. is a leading insurance company based in Beijing (China) with more than 30,000 employees and 3,000 branches and a network that covers 31 provinces and autonomous regions within China. It provides a comprehensive range of financial and insurance services and products to more than twenty million customers, including property and casualty insurance, life insurance, health insurance, pensions, asset management, financial leasing and banking. Besides Anbang, it holds a number of subsidiaries including: Anbang Property & Casualty Insurance Co., Ltd, Anbang Life Insurance Co., Ltd, Hexie Health Insurance Co., Ltd, Anbang Pension Insurance Co., Ltd, Hexie Insurance Sales Co., Ltd, Anbang Asset Management Co., Ltd, Anbang Asset Management (Hong Kong) Co., Ltd, AB Leasing Co., Ltd, Tongyang Life Insurance Co., Ltd., Fidea NV, VIVAT and Bank Nagelmackers NV (including its holding company Anbang Belgium Holding NV).

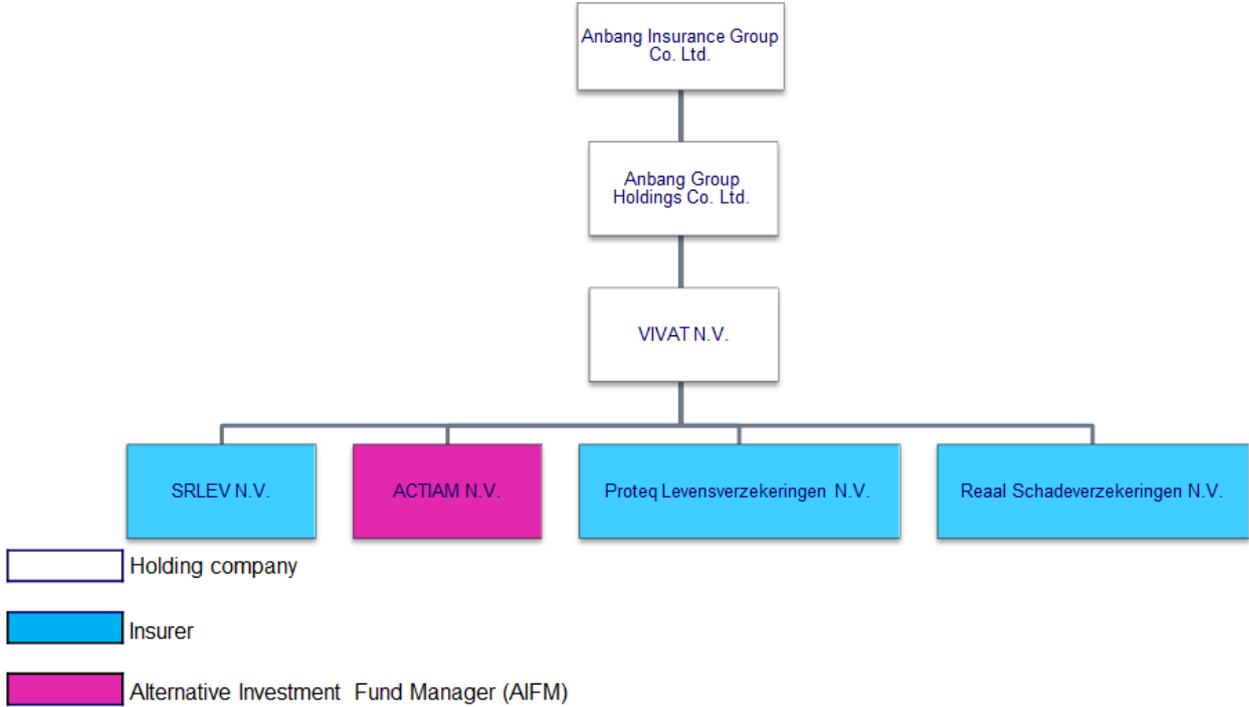
Anbang, as the sole shareholder of VIVAT, has the option to influence the strategy of the VIVAT Group by appointing members of VIVAT's executive board (*raad van bestuur*) (the "**Executive Board**") upon a binding nomination of VIVAT's supervisory board (*raad van commissarissen*) (the "**Supervisory Board**"). The members of the Supervisory Board are appointed by Anbang upon nomination of the Supervisory Board, which nomination should include candidates recommended by Anbang for no less than 49% of the total number of Supervisory Board members. The Executive Board, representing VIVAT as shareholder of VIVAT's subsidiaries, may appoint the executive boards and supervisory boards of such subsidiaries (which, in case of SRLEV, Reaal Schadeverzekeringen and Proteq, requires VIVAT to obtain the approval of Anbang). Currently, the composition of the Executive Board and of the Supervisory Board of VIVAT is identical to the composition of the executive boards and supervisory boards of VIVAT's subsidiaries SRLEV, Reaal Schadeverzekeringen and Proteq Leven. The members of the Executive Board and of the Supervisory Board ensure due consideration of Anbang's interest in performing their function (within the limits of their statutory duty to perform their duties in the interest of VIVAT and the business connected with it, thereby taking into account the interests of all relevant stakeholders of VIVAT and not exclusively the interests of Anbang as VIVAT's sole shareholder). See also "*Corporate Governance*" for more information.

After the acquisition, the VIVAT Group received a EUR 1.35 billion equity capital injection (2015) from Anbang and subsequently a total of EUR 302 million and USD 190 million (2016) from Anbang by way of subordinated (Tier 2) loans to strengthen the capital position, refinance existing subordinated loans and support future growth initiatives.

From an operational perspective, the VIVAT Group is not reliant on Anbang for (and does not share with Anbang or any companies within the Anbang group of companies) any resources or processes such as IT systems, servers and administrative services. Nevertheless, the VIVAT Group and other entities within the Anbang group of companies may cooperate in the operation of their businesses in order to benefit from any synergies found.

Organisational Structure

The chart below provides an overview of the main structure and material entities within the VIVAT Group. This overview does not aim to provide a complete overview of the VIVAT Group.



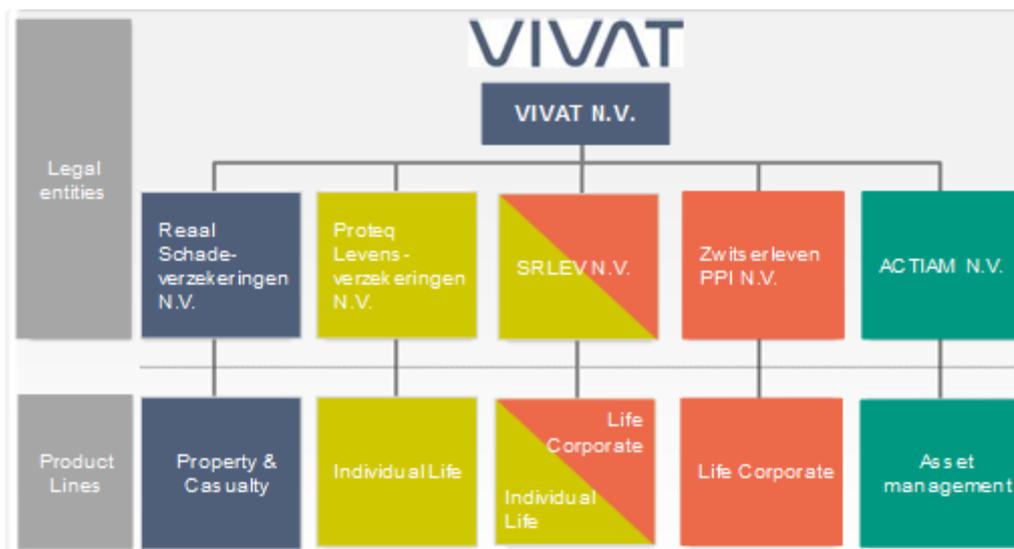
The VIVAT Group is organised into product lines. Please refer to "*Information about VIVAT and Business Overview – Business*" for further information on the product lines, products and brands of the VIVAT Group.

Business

Overview

Having generated EUR 2,508 million in gross written insurance premiums in 2016, the VIVAT Group is one of the largest insurance companies in the Netherlands in the non-life and life insurance segments (measured by gross written premiums, source: data individual insurers provided by DNB). VIVAT is a holding company with no material, direct business operations, but does employ all personnel and services of the business with staff support. It is envisaged that VIVAT will start providing IT support to other subsidiaries of its parent company in the near future.

The VIVAT Group is organised into four product lines. The chart below translates the product lines structure into the legal structure of the VIVAT Group.



Product Lines

The VIVAT Group is organised in the following product lines: Property & Casualty ("P&C"), Individual Life, Life Corporate and Asset Management. All digital activities, which previously were placed in different parts of the organisation, have been centralised in a Digital department that will focus on the development of a new digital channel.

Property & Casualty

P&C offers a wide range of non-life products through authorised agents, intermediaries, co-assurance, Volksbank N.V. and direct channel distribution for the private non-life segment.

The products offered by P&C can be categorised into the segments:

- Motor: roadside liability and vehicle insurances for private cars, trucks, motorbikes and other motorised vehicles;
- Fire: property insurances which includes insurances for buildings and contents against fire, storm and other risks;
- Accident and Health: includes disability and accident insurances;
- Transport: Insurances for transportation companies and the goods that they transport; and
- Other: among others, liability, legal aid and travel insurance.

P&C distributes through four main brands:

- Reaal;
- Zelf: an online insurer;
- Proteq Dier & Zorg: exclusively offers healthcare insurance for pet dogs and cats. VIVAT believes that this brand is the market leader in the Netherlands in the market for pet dogs and cats (measured in gross written premiums); and
- Route Mobiel: Route Mobiel offers mobility-related insurance: roadside assistance, travel, motor. It is the second roadside assistance organisation in the Netherlands (measured in gross written premiums, source: VIVAT annual report 2015).

Individual Life

Individual Life offers individual life insurance products, comprising both single and regular life premium products. Individual Life includes Proteq and the individual life portfolio of SRLEV. Individual Life focuses on term life insurance, where VIVAT believes that it ranks constantly high in new production market share. Individual Life is the third largest player by market share in the individual life insurance market (measured in gross written premiums, source: data individual insurers provided by DNB). Individual Life's clients are private individuals in the Netherlands.

The clients are traditionally served through intermediaries, the brand Reaal, the brand Proteq Direct, Volksbank and 'direct channel distribution'. 'Direct channel distribution' was introduced in September 2014 and created an 'omni-channel concept' for the benefit of clients. The 'omni-channel concept' entails that the customer is in the driver's seat of the sales process and has the option to switch from the intermediary to the direct channel and vice versa during the purchasing process. To date, the ability to switch between direct and indirect customer servicing is unique in the Netherlands. With the aim to improve the quality of its service, VIVAT intends to concentrate on close cooperation with a smaller group of distribution partners that can offer high quality services. In this context, the continued cooperation with Volksbank as a distribution partner is important. Volksbank is the fourth largest banking network in the Netherlands with 189 branches (source: Volksbank annual report 2015).

Life Corporate

Life Corporate offers pension products (group life insurance), comprising both single and regular premium products and services (*i.e.*, administration) in collaboration with specialised intermediaries and actuarial consultants. Life Corporate also offers products and services through its website (zwitserleven.nl). Life Corporate includes the group life portfolios of SRLEV and Zwitserleven PPI N.V. Life Corporate focusses on the full spectrum of the employers market and has client bases in the retail, director-owner, small and medium-sized enterprises and corporate client segment. Retention levels for renewals and new production have been under pressure in 2014 and 2015, due to presumably uncertainty on solvency levels, rating and the new shareholder of VIVAT. In 2016, recovery occurred after the capital injection by Anbang and new senior management was presented to the market.

Life Corporate aims at the higher end of the market where it historically provided high quality service and customisation of offerings. The brand (Zwitserleven), personal advice and high quality support are considered key qualities. VIVAT believes that Life Corporate ranks second in the insurance market regarding brand recognition, brand consideration and preference. Life Corporate is the third largest player by market share in the group life insurance market (measured in gross written premiums, source: data individual insurers provided by DNB).

Asset Management

Asset Management operates under the brand name ACTIAM. ACTIAM qualifies as a manager (*beheerder*) of alternative investment funds. With around 100 employees, ACTIAM manages investment funds structured as funds for joint account (*fonds voor gemene rekening*) or as investment companies with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*), each of which qualifies as an alternative investment fund. ACTIAM provides (i) alternative investment funds to distribution partners (such as VIVAT product lines Life Corporate, Individual Life and P&C, as well as Rabobank, Volksbank N.V. and other (external) distribution partners), in addition to direct distribution via the brand ACTIAM; (ii) a full range of asset management services to institutional customers; and (iii) portfolio management (administration) to a selected group of partners. ACTIAM intends to expand internationally with its strong propositions in Impact Investing and responsible investment funds and investment solutions. To this end, ACTIAM is in the process of applying for an UCITS and AIFMD license in Luxembourg.

As per 30 June 2017, ACTIAM had EUR 54.1 billion of assets under management. The majority of assets under ACTIAM's management are VIVAT own account assets and assets of the other product lines of VIVAT, which together represented 78% of total assets under management as at 30 June 2017. ACTIAM mainly invests in Euro government bonds, Euro credit, European equities and tracks global equities indexes. ACTIAM cooperates with external managers for specialist asset classes such as U.S., Asian and emerging markets equities, leveraged loans, emerging markets debt and high yield bonds. VIVAT notes that ACTIAM is the sixth largest alternative investment fund provider for Dutch retail investors, with a market share of 6.1% as of 30 June 2017 (measured in assets under management). As of 1 July 2017, ACTIAM appointed BNP Paribas Securities Services as service provider for middle and back office asset management operations, fund and investment accounting and reporting services.

Strategic Objectives

General

Anbang has been proactively expanding its business as part of its globalisation strategy. At the time of signing of the share purchase agreement relating to the sale of shares in VIVAT (known as REAAL N.V. at the time) to Anbang, Anbang publicly expressed that it plans to have long-term presence in the Netherlands and is willing and able to provide the capital to the VIVAT Group that is required to build a strong, sustainable, and profitable long-term market position (see press release of 16 February 2015, "SNS REAAL announces sale VIVAT Verzekeringen to Anbang Insurance Group"). Establishing this position will enable the VIVAT Group to be more competitive, efficient, and profitable. In addition to achieving further diversification and the exchange of best practices through acquisition, Anbang intends to participate in further consolidation of the Dutch insurance market through the VIVAT Group. Anbang considers the VIVAT acquisition to be an important long-term investment that contributes to its globalisation strategy. Anbang wants to deliver long-term, stable returns by investing resources in international markets, diversifying beyond China. Anbang aims to become a leading global insurance group with comprehensive financial capabilities designed to serve an international client base. As set out in the letter from the Minister to the Chairman of Parliament of 16 February 2015 and the letter from the Minister to the Chairman of Parliament of 9 March 2015, the acquisition of VIVAT will help Anbang achieve its goal since it will provide for:

- access to multiple insurance sectors and distribution channels in the Netherlands;
- an opportunity to take part in further consolidation of the Dutch insurance market;
- an exchange of best practices between the Chinese and European insurance markets; and
- synergies within the Anbang network.

Reaching these goals requires a strategic plan for the VIVAT Group that is based on two pillars:



Pillar I: Create a sustainable, standalone position

The VIVAT Group has a strong portfolio of businesses and customers but required capital in the short term to revitalise its financial position and to finance management decisions aimed at restoring profitability. Anbang invested in the VIVAT Group to achieve these goals and to increase the Solvency II ratio to at least 140%-150%. In addition to the capital injection by Anbang, further measures were implemented to stabilise the business following a strategic review. As an outcome of this strategic review a new organisational model was implemented in 2016 with fewer layers, enforcing fast decision making. Also a major reorganisation was carried through, resulting in a workforce that is reduced by one-third. Furthermore a start has been made to optimise the investment portfolio following a period of de-risking before the acquisition by Anbang. This is expected to result in a higher investment income.

VIVAT is shifting away from handling IT matters itself in favour of outsourcing in areas of the consumer value chain where VIVAT is less distinctive. VIVAT assesses how the required functionalities in that value chain can be purchased or outsourced as components. VIVAT performs risk assessments for new outsourcing initiatives, the results of which are reflected in the contracts with outsourcing partners. A good supplier management is set up in order to maintain the desired level of control over outsourcing.

Pillar II: Accelerate profitable growth

With its improved financial position and stabilised business, the VIVAT Group is building an insurance group with a long-term profitable position in the Dutch market on a standalone basis within the Anbang group of companies. The VIVAT Group is ready to accelerate its profitable growth and will do so by several initiatives that exist of leveraging its core brands, bringing its product portfolio in line with ambitions, and further digitalisation. Next to these initiatives further progress will be made with the optimisation of the investment portfolio.

The initiatives can be clustered in four themes:

Focus on customer: The VIVAT Group will implement a new Customer Relationship Management (CRM) and Business Process Management (BPM) system with its partner PEGA, which will help the VIVAT Group to become more customer centric. Also contacts with intermediaries will be reinforced, which can create opportunities following recent consolidation in the Dutch insurance market.

Innovation: The VIVAT Group is focusing on innovation. The VIVAT Group cooperates with start-ups and accelerators in search for new business opportunities. Furthermore, the VIVAT Group is building its own start-ups. The VIVAT Group is also investing in big data. Cooperation with universities and a started data program offer opportunities for the VIVAT Group.

Further improvement of business performance: The VIVAT Group is finalising the rationalisation of its IT landscape which will help the VIVAT Group in the integration of new acquisitions. Next to that further progress will be made with optimising the investment portfolio. Also optimisation of dynamic pricing within the P&C business will help the VIVAT Group to strengthen the P&C portfolio to become profitable.

Inorganic growth: The VIVAT Group positions itself for interesting acquisitions in the Dutch market. The VIVAT Group researches potential M&A targets and analyses which business segments are most interesting to acquire new business. Next to that focus will be on the buy-out of pension funds.

Strategic Objectives Product Lines

P&C

Priority within P&C is to stabilise the business by means of reducing portfolio losses and thereby improving the cost efficiency as measured by the combined overall ratio (the "**COR**"). The combined overall ratio is calculated as expenses (both operating expenses and claims) divided by income. Therefore, the first cornerstone of the P&C strategy is improving the COR within the existing portfolio. COR improvement initiatives are initiated across the full channel/product spectrum. Initiatives differ from increasing premiums for specific risks, improving underwriting, optimising claims management and improving results of underperforming intermediaries. The overall goal is a non-life COR reduction to below 100% (net) to improve profitability. The second cornerstone of P&C's strategy is the further strengthening of omni-channel distribution, including a further digital strategy targeted at online distribution, and the (quality of) customer service.

Individual Life

In the challenging life insurance market the strategic direction of Individual Life can be divided in managing the current portfolio and new production. For the new production, Individual Life will focus on individual term life products (*overlijdensrisicoverzekeringen*) whereby it will anticipate market demand and developments.

VIVAT believes that the VIVAT Group is well-positioned to take advantage of opportunities in the individual life market, since it already has a strong market position in the term life market and ranks constantly high in new production market share (measured in gross written premiums). The VIVAT Group's strong relationships with intermediaries provide a solid basis for maintaining these strong production levels. In addition, Individual Life has a long-term distribution agreement with Volksbank.

Individual Life's strategy has three cornerstones. The first cornerstone is sustaining and strengthening the position in the term life market. The second cornerstone is improving its service book capabilities (managing closed book portfolios) through an enhanced focus on operational excellence and cost flexibility. This will be achieved to a large extent by implementing IT improvements, IT system integration and other operational improvements. The third cornerstone is to continue adequate handling of the investment-linked insurance portfolio.

Life Corporate

'Simplicity for the future' is Life Corporate's overriding strategy. This strategy includes a change of product offering from guaranteed return products to defined contribution schemes (*i.e.*, from defined benefit to defined contribution, which is in line with market developments) and a focus on individual schemes, standardisation of product line-up and optimisation of processes and IT systems, all leading to significant cost reductions. In addition, Life Corporate's strategy is to grow its portfolio and continue to play a significant role in Dutch pension market, extending into individual propositions in line with consumer trends.

Life Corporate has several core assets it can build on in order to realise future growth ambitions. First, it can leverage its high-end position to sell other financial products, especially with its base of wealthy clients. Second, it has a well-developed operational and system architecture with potential for future rationalisation. Third, VIVAT believes that Life Corporate has relatively strong distribution channels in comparison to its competitors and is well-positioned in traditional channels.

Asset Management

Asset Management's ambition is to further strengthen servicing and investment performance for affiliate clients and grow the third party wholesale and institutional client base within Europe. ACTIAM (the brand name of Asset Management) focusses on providing mutual funds to distribution partners (such as Zwitserleven, Reaal, Volksbank, Rabobank) and asset management services to institutional clients. ACTIAM also manages the own account assets of the VIVAT Group. ACTIAM provides all fund and asset management related activities on the basis of a single distinctive integrated ESG approach (Environmental Social Governance) and has a leading position in the Benelux as a responsible and impact investor. ACTIAM will continue to profile itself as an active shareholder (through voting and engagement) in the companies in which investments are made, for both index tracking as well as high conviction related investment strategies. Besides ACTIAM creates value through the development, promotion and/or distribution of impact investment solutions like Microfinance, Emerging Market SME lending and Energy Transition.

Forward looking, ACTIAM's European strategy has 4 pillars:

1. a distinctive position within responsible and impact investing;
2. increase ACTIAMs brand awareness and product availability;
3. strengthen (ESG) research, quant/big data capabilities and client reporting infrastructure; and
4. expand wholesale and institutional client coverage.

Risk Management

General

The VIVAT Group has established a risk management system that ensures a controlled and effective achievement of the strategic objectives (the "**Risk Management System**"). It relates risks to the strategic, financial and operational objectives as well as to the objectives in the areas of sustainability and reputation. The framework consists of organisational, control and culture components. The management of the VIVAT Group recognises that transparency is a vital element in effective risk management. The Executive Board and the VIVAT risk committee ("**VIVAT Risk Committee**"), which is responsible for setting the Risk Management System, ensure that the desired culture and level of risk awareness are translated into identifiable aspects, such as desirable behaviour, details of the risk appetite or criteria for evaluation of employees.

The Executive Board has set guidelines in the areas of strategy, culture and risk governance in order to enable risk assessments to be performed properly and efficiently. These guidelines apply to the entire

organisation. The VIVAT Group seeks to have an open culture in which risks can be discussed, employees feel a responsibility to share information on risks and (pro)active risk management is appreciated.

The established integrated control framework provides the basis for the internal control system on risk maturity of process key controls and management controls within the VIVAT Group. The management of product or functional lines is responsible for day-to-day operations within the Risk Management System, schedules testing operating effectiveness of key controls and prepares operational plans on a yearly basis. These plans are subject to the approval of the Executive Board.

For all components within the integrated control framework standards are employed. For these standards minimum requirements are defined to develop the level of control to the desired level. All components are periodically scored and made visible in the integrated control framework-scorecard. The outcomes are discussed in the operational risk committees and the VIVAT Risk Committee and are the base for improvement plans.

Overview

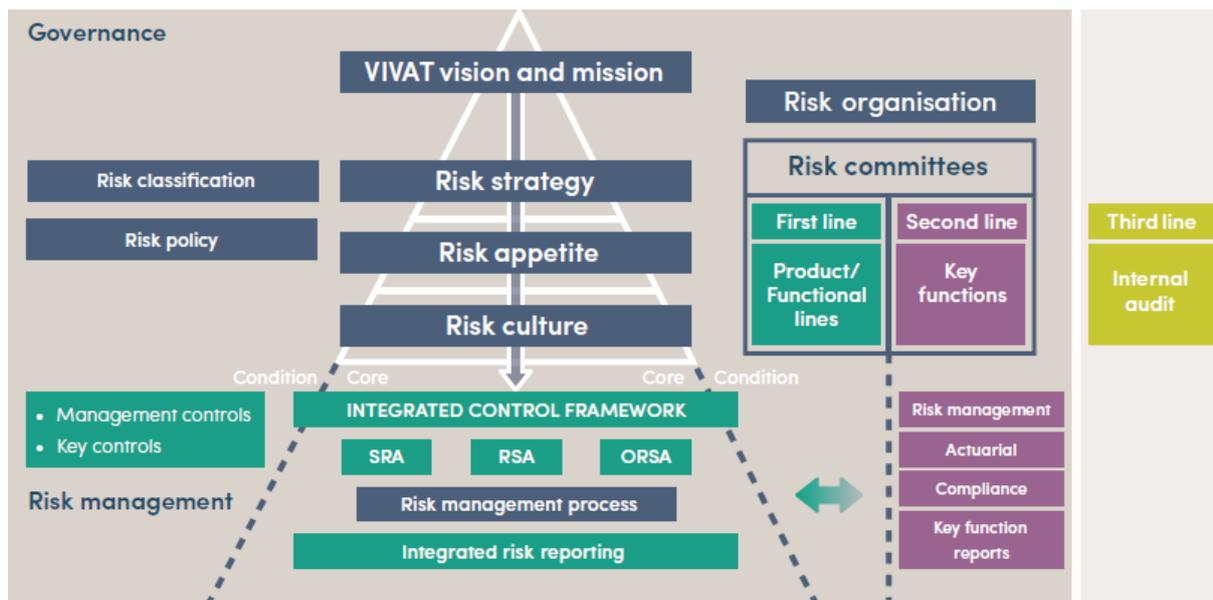
The VIVAT Group has established a consistent and efficient Risk Management System. Specific Solvency II requirements such as the Key Functions and the ORSA are incorporated in this Risk Management System. The Risk Management System operates an integrated approach for risks that the organisation is or could be exposed to, with risk management integral part of the decision making process.

The core of the Risk Management System consists of a strategic part governance at which, starting from the VIVAT Group vision and mission and business strategy, the risk strategy and risk appetite are derived. The components risk policy, risk classification and risk organisation are necessary conditions to enable these strategic risk processes. To ensure an integrated approach all second line Solvency II Key Functions use the same risk classification, all operations are covered by the risk appetite and are aligned by a policy structure.

The governance part, including an adequate risk culture, is conditional for performing risk management on tactical and operational level. There the core is a control cycle of risk identification-measurement-mitigation and continuous monitoring and reporting, supported by the integrated control framework. The integrated control framework is built up from several components that together form the basis for sound and controlled business operations and hence for demonstrably being in control of the VIVAT Group. The integrated control framework measures maturity of risk management and ensures steering on correct and complete risk reports.

The internal reports are a part of (the operation of) the risk management process. The reports on recognised types of risks are input for the integrated risk reports, enabling key risk indicator monitoring and drawing management attention to deviations of the risk tolerance limits.

The VIVAT Group performs risk self-assessments and strategic risk assessments. The ORSA is incorporated in the Risk Management System and is performed at least annually.



Risk Management Governance

Mission and vision

The vision of the VIVAT Group to be a modern and leading financial service provider results in a three pillar mission, focusing on customer centricity, lean thinking and agility. From this starting point, the risk strategy contributes to a sustainable growth of the VIVAT Group, for the benefit of all its stakeholders.

The VIVAT Group aims for a robust and strong capital position, which contributes to both the confidence that customers have in the institution and the access to financial markets. The VIVAT Group offers competitively priced products by utilising economies of scale in its organisation.

The VIVAT Group takes its role in society seriously. Corporate responsibility follows from the mission and vision, and forms an integral part of the strategy and business operations. The VIVAT Group wishes to offer competitively priced products in efficient business processes, using a central back office.

The VIVAT Group pursues a customer-centric strategy, with both Zwitserleven and Reaal positioned clearly and appealing to different segments. The focus on these flagship brands allow for a more agile and lean operation bringing costs to a lower required level.

Risk Strategy

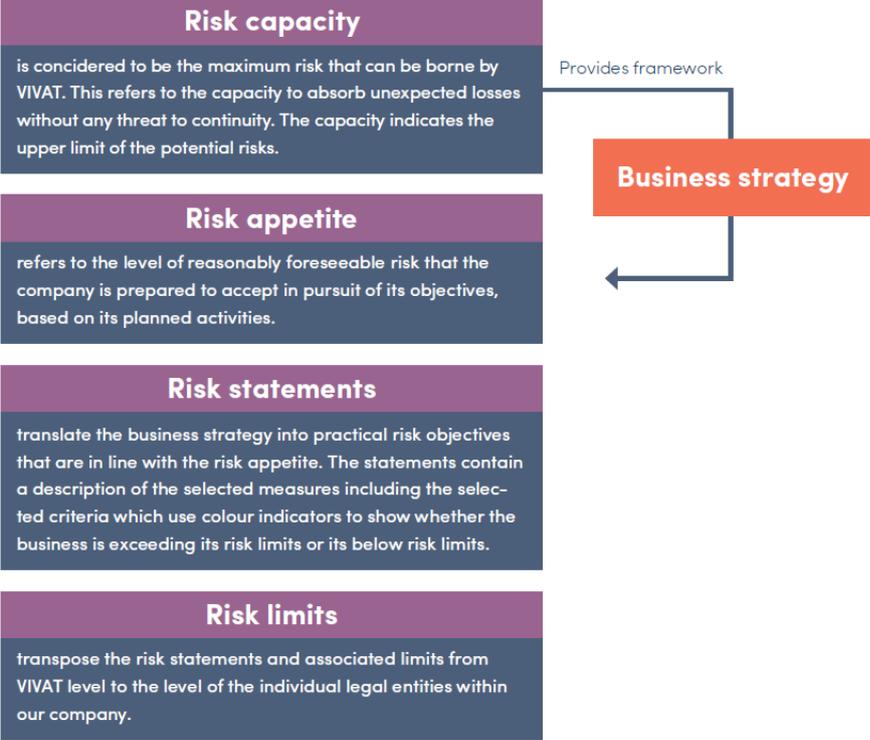
The VIVAT Group has derived a risk strategy, a supporting set of objectives following from the VIVAT Group's vision and mission to achieve the strategic goals. The risk strategy is expressed in the risk appetite.

As main principles, the VIVAT Group has defined a robust capital position, stable profitability, prudent and consistent risk policy, regulatory compliancy, social responsibility and effective and efficient client solutions.

As insurance group, the VIVAT Group provides guarantees for future payments to its clients and therefore the VIVAT Group needs a strong capital position. The well capitalised shareholder has the intention to invest in the growth of the business. The VIVAT Group would like to hold a buffer above regulatory capital requirement to absorb temporary volatility and provide more certainty to its customers.

Risk Appetite

The risk appetite, as an integrated part of overall business operations, is determined at least once a year. The risk appetite is limited by the risk capacity, which indicates the maximum amount of risk the VIVAT Group can accept at consolidated level, in view of its capital and liquidity position and any restrictions due to funding agreements or requirements imposed by regulators. The risk appetite is subsequently translated into practical risk objectives.



The risk appetite is defined at group level. Subsequently it is developed in more detail on the individual legal entity level in the form of individual quantitative risk limits and qualitative constraints. The limits are measurable; the qualitative constraints are observable. When implementing the strategy, the product lines or legal entities are able to select the best possible products and services, although their selection must be in line with the strategy of the VIVAT Group. The risk appetite is set yearly by the Executive Board and confirmed by the Risk Committee of the Supervisory Board ("RC").

The risk appetite control procedure, which is carried out at least once a year, consists of a number of steps, including risk identification, the determination of risk capacity, the selection of measures, risk mitigation, risk criteria, reporting and monitoring.

Risk Culture

Culture and conduct in general play a vital role in controlling a company, and specific in adequate, risk management. Both are considered standard elements in performance evaluation meetings and in annual performance objectives. The VIVAT Group has awareness programs in place that focus on how employees hold each other accountable for their conduct and how they can escalate matters if necessary. The VIVAT Group has five core behaviours: focus on client, result driven, immediate execution, take responsibility and change attitude.

The VIVAT Group realises that the tone at the top is defining for risk culture, which makes communication and exemplary behaviour determinant. The VIVAT Group encourages an open corporate culture in which risks are to be discussed, employees feel responsible to share knowledge on risks and

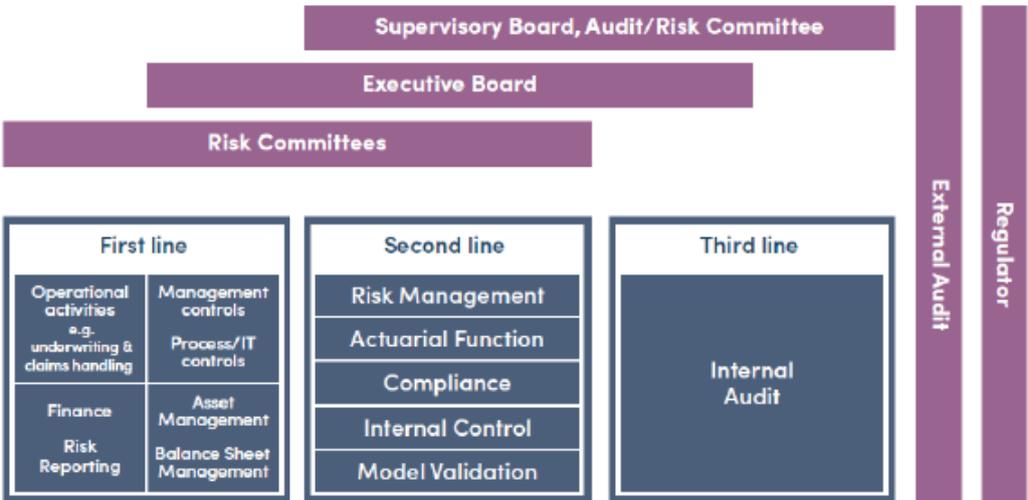
where (pro) active risk management is appreciated. Exemplary behaviour, the openness for discussion of dilemmas, practicability of policy and transparency are inseparably linked to an open corporate culture.

Risk culture is also embedded in the organisation by risk management being an integral part of the organisational processes and decision making of the VIVAT Group. Decision making is clear, explicit, and in line with the risk policy and risk appetite of the VIVAT Group. The management teams of the product lines and functional lines promote awareness of risks and are supported by the second line. The management teams are responsible for ensuring that risk decisions are made in accordance with the delegated authorities, in consultation with all second line Solvency II key functions.

The remuneration policy of the VIVAT Group discourages taking undesired and irresponsible risks focused on short-term profit and personal gain. To identified staff, variable remuneration is awarded, when applicable, in two portions: an immediate and unconditional portion (60%), and a deferred and conditional portion (40%). 50% of the variable remuneration of identified staff is paid in cash and 50% in share based instruments. The deferred portion of variable remuneration is paid out over a period of at least three years following the year of award. The immediate and deferred portion of variable remuneration may be adjusted downwards on the basis of the outcome of an ex-post risk assessment. A downward adjustment will be made if the employee has not met relevant standards in respect of competence and appropriate conduct, or was responsible for behaviours that led to a material deterioration in VIVAT's financial position. VIVAT has the power to claw back all or part of any variable pay awarded on the basis of incorrect information about the achievement of targets or the occurrence of circumstances that were a precondition for the variable pay to be awarded. Whole or partial claw back will take place if the employee has not met relevant competence standards and standards for appropriate conduct, or was responsible for behaviours that led to a material deterioration in the financial position of VIVAT. This claw back may relate to both the immediately payable portion and the deferred portion of the variable remuneration.

Three Lines of Defence Model

The VIVAT Group has established the “Three Lines of Defence” control model including the Solvency II key functions and a risk committee governance structure. It contributes to the strengthening of the risk culture, taking responsibility for managing risks and internal control, and eventually to the further optimisation and integration of the risk management.



First Line: Risk Taker

The first line has an operational role, focusing on the primary process (*i.e.*, underwriting, claims handling, preparing financial accounts) of the business and investment activities. Within the policy framework and subject to internal procedures and risk limits, it is the objective of the risk taker to achieve an optimum risk/return. Business plans are prepared in the first line. The first line should be able to demonstrate management and process controls according to the standards as set by the integrated control framework, and to report about them.

Second Line: Risk Management

The second line has a monitoring role in respect of the risk management actions and activities carried out by the first line. The second line assesses actions in the first line as well as the effectiveness of procedures by means of testing key controls, and is responsible for monitoring the overall risk profile to be in line with the risk appetite.

The second line is also responsible for formulating the Risk Management System and setting risk policies. The first line is responsible for the execution of these policies. The second line assesses policy compliance on a regular basis, using risk reports, reports on management and process key controls and own observations. Furthermore, the second line sets the mandates in line with the risk appetite. It also defines basic principles and preconditions for risk models and the control framework and supports central decision-making bodies. The data used, including models, assumptions and techniques, are validated periodically. Furthermore the second line provides specialist advice to the first line.

The second line risk management organisation of the VIVAT Group is largely part of the risk department, resorting under the chief risk officer. This department includes the second line financial and non-financial risk departments, including Key Functions. The chief risk officer is member of the Executive Board. The second line needs to be independent and therefore the remuneration of the second line risk departments does not depend on financial objectives or impact of their opinion on business results.

Third Line: Internal Audit

Audit VIVAT is the independently operating (third line) audit function and has a supervising role assessing the proper functioning of the risk management system (including the interaction between the first and second line) ("**Audit VIVAT**").

Audit VIVAT does not take part in determining, implementing or steering the risk policy. Audit VIVAT reports to the chairman of the Executive Board and has a reporting line to the chairman of the audit committee ("**Audit Committee**") of the Supervisory Board.

Audit VIVAT performs independent and objective audits and reviews to assess whether there is an adequate and efficient Risk Management System within the business processes which supports the realisation of the organisation's strategic objectives; whether there is sufficient, reliable management information, which is used for testing the realisation of the objectives and whether (business, financial, reporting or other) processes are efficient and effective. Furthermore, Audit VIVAT assesses if the VIVAT Group complies with laws and regulations and if assets (*e.g.*, physical, intellectual, policy & company data) are safeguarded adequately.

In the quarterly report, Audit VIVAT informs the Executive Board and the Audit Committee. This quarterly report contains at least an executive summary containing findings and issues relating to deficiencies regarding the governance, internal control and risk management system; findings and

observations that are substantial for the risk profile; the executive summary of all audits reported in the quarter and a follow-up monitoring of recommendations of Audit VIVAT, regulators, external auditor and external actuarial reports.

Risk management committees

In addition to the risk management organisation, the VIVAT Group has established risk committees to manage risks effectively. The VIVAT Group has established the following risk committees: VIVAT Risk Committee, Asset Liability Committee, Policies Models and Assumptions Committee, Investment Committee and Product Committee. The latter is leading for the underlying PMP MT's (Product, Marketing, Pricing) in the Product Lines. In the ORC MT's, the issues regarding Operational Risk and Compliance are discussed.

Key Functions

In accordance with Solvency II the VIVAT Group recognises four Key Functions. A function as intended in Solvency II is not a person or a department but an internal capacity to perform certain tasks and responsibilities. The functions are established on the VIVAT Group level and carry out activities on behalf of all insurance activities of the VIVAT Group. The chief risk officer is the Risk Management Function Holder, the Director Financial Risk is the Actuarial Function Holder and the Director Non-financial Risk is the Compliance Function Holder. The Director Internal Audit is the third line Audit Function Holder.

The risk function report is an integrated report on all financial and non-financial risks with potential (material) financial impact ("**Risk Function Report**"). The Risk Function Report includes a summary of the major risks. Looking back, the Risk Function Report describes developments in risk areas compared to the previous reporting period. Looking forward, the Risk Function Report shows the uncertainty or expectations that (may) impact the future financial position of the VIVAT Group. Furthermore, the Risk Function Report contains a by the second line (financial risk and non financial risk) drafted and by the chief risk officer endorsed opinion on the development of the various risks, the dependency, and the impact on operational plan, solvency and strategy. The Risk Function Report opinion is discussed in the risk committees, the VIVAT Risk Committee and the Supervisory Board.

The Actuarial Function opines on the adequacy of the technical provision used for IFRS-LAT and Solvency II purposes. It furthermore opines on the quality of underwriting and reinsurance programs. The Actuarial Function Report is submitted to the VIVAT Risk Committee, the Audit Committee and the RC.

The Compliance Function provides at least twice a year a report on the most important compliance risk of the VIVAT Group to the VIVAT Risk Committee and the RC.

Risk Policy

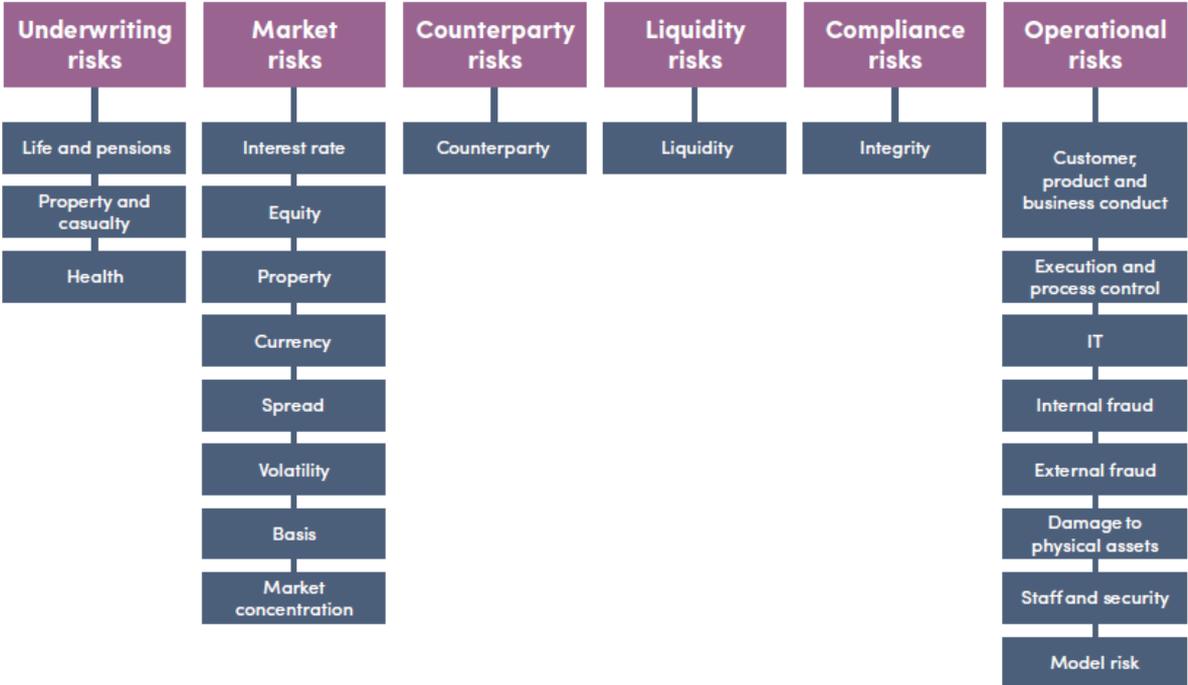
The VIVAT Group has an integrated risk management policy structure. The entire policy structure is accessible to employees through the internal iD policy site. The policy structure ensures the timely identification and assessment of risks and adequate monitoring and reporting of the material risks, both on board and workplace level. The risk policy is structured in levels, the aim is to give insight in the cascading from (Solvency II-) legislation, (second line) risk policy, corresponding processes and (first line) implementation. At least once a year the risk policies are assessed, adjusted if necessary and approved following regular governance.

Risk Classification

The VIVAT Group provides insight into the risks for the business itself and for its stakeholders in order to manage these risks within the indicated tolerance levels. This includes both behaviour related and financial aspects of risk management. In order to ensure adequate risk management clarity is of vital importance. To provide clarity in the communication and management of risks, the risk classification incorporates a comprehensive list of mutually exclusive risk types to which the VIVAT Group is exposed or could be exposed to.

The VIVAT Group has defined and structured different risk types, partly on the basis of applicable laws and regulations (*i.e.*, Solvency II Standard Formula and Basel II/III), and partly on own assessment of risks given the VIVAT Group's risk profile. The risk classification is structured in main risk types and corresponding sub risk types.

Strategic developments (governance, positioning, external developments) relate to future business developments and may eventually emerge as one of the main or sub risk types. Several internal and external scenarios are taken in to account, which arise from a strategic risk assessment.



The way in which the risk categories are managed is discussed below.

Risk Management Process

Integrated Control Framework

The integrated control framework is used for the improved management of all identified risk categories within the VIVAT Group. As part of this, the VIVAT Group has specifically opted for an integrated risk approach based on its risk classification.

Management uses the integrated control framework to direct and manage the control and integrity of its business processes, following strategic objectives and the VIVAT Group's risk appetite. Management furthermore aims at the integrated control framework helping to promote risk awareness among all employees.

The integrated control framework contains core components that together form the basis for sound and controlled business operations within the VIVAT Group, and supports demonstrably being in control. It measures the maturity of risk management and ensures steering on correct and complete risk reports. The integrated control framework monitors process controls and management controls. Important components, and conditions for performing adequate risk management, are process management, data, infrastructure, models and (behaviour of) people.

The integrated control framework provides a framework which incorporates management controls and process controls in such a way that it is possible to state, in an efficient and effective way and with a reasonable level of assurance, that the internal control system is operating effectively. Next steps to reach the VIVAT Group's maturity ambition are fine tuning of control objectives and a further involvement of the second line risk departments in the self-assessments of the first line departments.

For all components within the integrated control framework standards are employed. For these standards minimum requirements are defined to develop the level of control to the desired level. All components are periodically scored and made visible in the integrated control framework-scorecard. The outcomes are discussed in the operational risk committees and the VIVAT Risk Committee and are the base for improvement plans.

The integrated control framework plays a key role in creating a solid foundation for an increased maturity level of control and the ongoing professionalisation of demonstrable, effective risk management throughout the organisation.

Process Controls and Management Controls

The VIVAT Group has a controlled business operation in order among others to contribute to a higher level of confidence of clients and other stakeholders in the quality of our products and services. Necessary improvements will be implemented in 2017.

Being in control is to be evidenced by showing operational effectiveness of process and management controls. Process controls are related to processes and are preventive or detective. Solvency II Pillar 1 and Pillar 3 requirements are embedded in processes and related key controls. The first line is responsible for describing the business processes, defining process key controls, and testing and documenting the key controls on effectiveness. Management controls are controls which managers use in order to ensure that the VIVAT Group is run in an effective, sound and controlled manner. They have both a preventive and detective aim. Management controls exceed process controls and are on a product line or functional line level.

Altogether this gives guidance to an adequate risk culture.

Risk Management Regulatory Developments

The latest developments within risk management, in order to stay up-to-date with legislation and regulation, consist of, *inter alia*, the following:

- A continued focus on implementation of Solvency II, including “day-one” reporting through the QRT templates and the Regular Supervisory Reporting (“**RSR**”) and Solvency and Financial Condition Report (“**SFCR**”);
- The ORSA has been further developed. The VIVAT Group has obtained approval to perform ORSA on a group level, instead of on an entity-level, as this better reflects how the VIVAT Group is managed;

- A Recovery Plan was prepared and submitted to the regulator, detailing procedures and actions in case of a financial emergency;
- The Dutch regulator DNB has submitted a sector letter detailing its expectations with regard to the capital management practices and policies of insurance companies. The VIVAT Group is in discussion with DNB on the implications of these guidelines;
- The VIVAT Group participated in the EIOPA insurance stress test in 2016.

Reinsurance

The reinsurance policy applied by the VIVAT Group provides protection against underwriting risks arising in the insurance portfolios of both the Life and the Non-Life businesses. Reinsurance is a tool used for risk management (traditional reinsurance) and capital management purposes. Traditional reinsurance is primarily used to protect the profit and loss. The capital-oriented reinsurance solutions help optimise the capital position of the VIVAT Group. The reinsurance policy is determined on the basis of risk assessments of the various portfolios, the size of the portfolios, the nature of the underwriting risks, the results, the risk appetite and the financial strength of the VIVAT Group. Within the VIVAT Group there is a centralised approach to reinsurance procurement.

The VIVAT Group conducts an active policy with respect to the placement of reinsurance contracts, using a panel consisting of reinsurers that have been rated. The general guideline is that reinsurers must have a minimum rating of A-. However, given the long-term nature of the underlying business, the current panel for casualty business consists of reinsurers with at least an A rating, while the panel of reinsurers for life and disability business consists of companies with an AA- rating. Continuity within the panels of reinsurers is an important principle. It brings stability in times of stress due to the longstanding relationship and understanding of the underlying business by the reinsurer.

See also "*Risk Factors - Reinsurance may not be available, affordable or adequate to protect the VIVAT Group against losses, and reinsurers may default on their reinsurance obligations*".

Financial Position

The highlights from the financial performance in 2016 are:

- Accelerated reorganisation completed in 2016, bringing down the annual staff costs by EUR 100 million;
- Full new management team in place;
- Solvency II ratio (standard model) of the VIVAT Group increased to 175% at year-end 2016 from 161% at year-end 2015;
- Increase in IFRS net result to EUR 159 million in 2016 (2015: EUR 109 million) despite the negative impact of reorganisation costs and the hail storm;
- Strong commitment of shareholder, evidenced by refinancing loans and providing additional subordinated loans to support growth initiatives; and
- Decrease in gross premiums as a result of the individual life market shrinking; premiums Life Corporate and P&C remained stable in a very competitive market.

Commercial developments

The VIVAT Group's gross premium income was EUR 114 million lower in 2016 than in 2015. This was mainly caused by a shrinking portfolio in Individual Life as a result of a declining market. Gross premium income from the product lines P&C and Life Corporate remained fairly stable compared to 2015.

Financial result

The IFRS net result of the VIVAT Group in 2016 amounted to EUR 159 million. This is EUR 50 million higher than reported in 2015 (EUR 109 million). Higher restructuring costs were offset by realised cost savings, improved technical results P&C and higher investment income for the product lines Individual Life and Life Corporate. The positive impact of the change, year-on-year, in the LAT-shortfall on the IFRS net result of 2016 (EUR 59 million) was almost equal to the change in 2015 (EUR 52 million).

Balance sheet

The VIVAT Group's total assets decreased by EUR 1.5 billion mainly due to the optimisation of its reinsurance programme which lowered both the assets and liabilities, partly compensated by additional subordinated loans and market revaluations. Assets under management of ACTIAM increased by EUR 2.5 billion as a result of third party inflow and market developments.

Progress on strategy

Structural cost reductions, a lean organisation and streamlined business processes are the key stabilisation components. Due to increased efforts in 2016, the planned reduction in the number of employees was accomplished significantly sooner than anticipated. The objective of reducing the workforce by a third before the end of 2018 was fully achieved in 2016.

Total FTE decreased from 3,674 to 2,498 employees, which means that the VIVAT Group will continue its operations with around 2,500 employees. Of this decrease of 1,176 FTE, 600 FTE are redundant and will leave the company in 2017 and are fully provisioned for. Total reorganisation costs amounted to EUR 119 million in 2016. However, future staff costs have been reduced annually by EUR 100 million. Moreover, the number of offices has been reduced and rationalisation of the IT landscape has resulted in lower IT-related costs. The VIVAT Group is also striving to further digitise its processes to make the organisation more efficient and customer-centric.

Total operating costs (staff costs, depreciation and amortisation of non-current assets and other operating expenses) per product line

(in EUR million)	2016	2015
Individual Life	124	142
Property & Casualty	119	134
Life Corporate	118	139
Asset management	40	31
Holding / Other	19	17
Total VIVAT (clean)	421	463
Restructuring costs	119	41
Total operating costs VIVAT	539	504

The VIVAT Group also started an extensive programme to reduce the combined ratio of the P&C product line. The combined ratio decreased in 2016 from 109.3% to 104.9% (101.9% excluding severe weather claims). In 2013 the combined ratio was 110.9% and in 2014 112.3%. Much effort was put into refining the pricing and underwriting capabilities and loss-making portfolios were rationalised and converted. In spite of a large number of exceptional weather claims following the severe hailstorms in June 2016, P&C managed to improve the performance of its portfolio.

Measures aimed at structurally improving profitability in other areas include changes in the asset mix to increase the return on the investment portfolio. The capital injection by Anbang enabled and will enable the VIVAT Group to partly reverse the de-risking policy applied to this portfolio over the past few years.

Direct investment income (including amortisation realised gains)

(in EUR million)	2016	2015
Total direct investment income VIVAT	1,199	1,172

A new Chief Executive Officer, a Chief Commercial Officer and a Chief Operating Officer were appointed in 2016. The Executive Board now consists of seven members and is closely connected to the business operations. Furthermore, the organisation has been restructured from a business unit model to a matrix model based on the product lines Property & Casualty, Individual Life, Life Corporate and Asset Management. All digitisation-related activities have been grouped to form a new unit under the name Digital. New general managers and management teams have been appointed for each of the product lines.

The VIVAT Group is ready to grow in 2017. The aim is to better serve consumers with its brands Reaal and Zwitserleven. More than before, an omni-channel approach will be applied including more online services.

The aim is to improve or strengthen the VIVAT Group's position across the board. Due to its distinctive, responsible investment policy, asset manager ACTIAM is one of our key resources. Recognition of this policy in 2016 was reflected in the high score in the Fair Insurance Guide (*Eerlijke Verzekeringswijzer*) and the receipt of the prestigious International Climate Award.

The VIVAT Group has created new foundations which will be used to further build on in the future. Big data analysis further improves the VIVAT Group's ability to identify customers' needs and the use of advanced techniques allows it to work faster and more efficiently. Furthermore, the VIVAT Group is increasing its power to innovate by establishing new, strong relationships with start-ups and non-financials which VIVAT expects will enable it to quickly and adequately respond to the latest market trends.

Solvency II

The VIVAT Group discloses its solvency position and financial condition on a Solvency II basis by means of public reports. Solvency II applies to the supervised insurance entities and also to the consolidated activities of the VIVAT Group. Other parts of the VIVAT Group are not within the scope of Solvency II.

The internal risk limit for the Solvency II capital ratio on the VIVAT Group level amounts 140%. When determining the Solvency II capital ratio, the loss absorbing capacity of deferred tax assets may be set off against the SCR. The VIVAT Group has examined whether, following a loss of the same scale as the (pre-tax) SCR shock, future fiscal profits will be sufficient to be able to recover the change in deferred tax asset created by that loss. Tax offsetting (Loss Absorbing Capacity of Deferred Taxes) in the SCR is applied at 0% for VIVAT and its subsidiaries, except for subsidiaries with a deferred tax liability. In these cases tax offsetting equals the net deferred tax liability-position. The net Deferred Tax Asset on the balance sheet of the VIVAT Group as at 31 December 2016 is valued at 100%.

The classification of the hybrid capital of VIVAT and SRLEV (outstanding on 31 December 2015) into tier 1 and tier 2 capital is based on the transitional measures contained in the level 1 regulations, and aligned with DNB.

Following from the capital injection in 2015 and the strategic review evolving in a new operational plan, the VIVAT Group is currently changing its risk profile taking into account its risk appetite. Supported by ORSA outcomes, the VIVAT Group aims to work towards a new strategic asset allocation which leads to more expected return. In order to mitigate underwriting risks, the VIVAT Group has closed a mass lapse risk transfer agreement. Furthermore, the VIVAT Group reduced the spread mismatch between assets (mainly German and Dutch government bonds) and liabilities (mainly swap plus SII Volatility Adjustment) significantly in the second half of 2016 by selling EUR 4.5 billion in German and Dutch government long term bonds and plans to sell more. Both risk mitigating measures led to a relief of capital requirements. At the end of 2016, Anbang provided VIVAT with a subordinated Tier 2 loan, partly passed through to Reaal Schadeverzekeringen.

The Solvency II ratio of the VIVAT Group increased from 161% at year-end 2015 to 175% at year-end 2016. This increase was driven by an additional Tier 2 loan provided by Anbang, balance sheet optimisation and favourable market movements.

31 Dec 2016 (EUR million)	VIVAT Group	SRLEV
Own funds	4,319	3,424
Solvency Capital Requirement	2,466	2,295
Solvency II ratio	175%	149%

Breakdown Solvency II own funds VIVAT Group

	31 Dec 2016 (EUR million)
Tier 1	2,986
Restricted Tier 1	100
Tier 2	995
Tier 3	239
Solvency II own funds	4,319

VIVAT has Tier 2 and Tier 3 capital that is currently not eligible for inclusion in the Solvency II own funds due to the tiering restriction.

Financial Position first half year 2017

The most notable points from the financial performance of the VIVAT Group in the first half of 2017 - which have been described in more detail below - are:

- Increase of net underlying result to EUR 73 million in 1H17 (1H16: EUR 53 million) as a result of lower costs (with approximately 20%) and strong improvement of the combined ratio P&C (1H17: 99.1%; 1H16: 111.8%)
- IFRS net result 1H17 of EUR 60 million negative was lower than 1H16 (EUR 578 million) driven by changes in the shortfall of the liability adequacy test (LAT) as a result of market movements
- Successful issuance by VIVAT of EUR 650 million senior notes to institutional investors; EUR 250 million of proceeds provided to SRLEV as restricted Tier 1 loan in June 2017
- Solvency II ratio (standard model) of the VIVAT Group remains robust at 171% in 1H17 compared to 175% at year-end 2016; Solvency II ratio (standard model) of SRLEV NV increases to 162% 1H17 (149% YE16)

- Liquidity position¹ VIVAT as per end June 2017 at EUR 664 million (EUR 267 million YE16)
- Increase of gross written premiums supported by a pension fund buy-out
- Investment policy of Zwitterleven voted as most responsible for the 5th consecutive time
- Increased customer and intermediary satisfaction following reorganization

Key figures

in € millions (except as indicated otherwise)	1H17	FY16
Solvency-II ratio VIVAT Group	171%	175%
Equity	3,643	3,698
Total Assets (€ billions)	57.8	57.8 ¹
Assets under management (€ billions)	54.1	54.6

in € millions	1H17	1H16
Result		
Premium Income	1,704	1,336
Operating expenses (excl. Restructuring costs)	183	228
Restructuring costs	0	77
Net Result IFRS	-60	578
Net Underlying Result VIVAT ²	73	53

¹ In the Annual Report of VIVAT N.V. 2016 deferred tax assets and deferred tax liabilities were presented as separate line items. For a better compliance with IFRS guidelines these two items have been netted in the Press Release of June 2017.

² Net Underlying Result consists of Net Result IFRS excluding changes in fair value of assets and liabilities (incl. LAT-shortfall) and non-recurring expenses (e.g. restructuring costs and impairments).

Capital management

In May 2017, VIVAT issued EUR 650 million senior notes to institutional investors. This was the first time VIVAT attracted funds from the capital markets. In June 2017, VIVAT provided a EUR 250 million restricted Tier 1 loan to SRLEV (the "**Tier 1 Loan**") to strengthen SRLEV's capital position and support its future growth. This has a positive impact on the Solvency II ratio of SRLEV of 11%-points. The remainder of the proceeds of the senior note issuance has strengthened the liquidity position of VIVAT. The liquidity position has increased from EUR 267 million at YE 2016 to EUR 664 million at the end of June 2017 mainly as a result of the debt issuance.

In order to mitigate underwriting risks, VIVAT has entered into a mass lapse risk transfer agreement. This has a positive impact on the Solvency II ratio of the VIVAT Group and SRLEV of 4%-point.

The Solvency II ratio of SRLEV has increased from 149% at YE 2016 to 162% as of 30 June 2017. This increase was largely driven by the Tier 1 Loan. The positive impact of the mass lapse reinsurance was offset by the negative impact of certain market developments (e.g. volatility adjustment and spreads).

The VIVAT Group's Solvency II ratio changed from 175% at YE 2016 to 171% as of 30 June 2017, mainly due to a decrease in diversification benefits caused by a change of the direction of the interest rate risk as used in calculating the Solvency Capital Requirement (SCR) according to the standard formula of Solvency II. The Tier 1 Loan has no impact on the own funds of the VIVAT Group.

in € millions/percentage	1H17	FY16
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¹ Including cash, cash equivalents, money market funds and short term government bonds

Eligible own funds VIVAT Group	4,120	4,319
Group SCR	2,405	2,466
Solvency II Ratio VIVAT Group	171%	175%
Eligible own funds SRLEV	3,511	3,424
SRLEV SCR	2,172	2,295
Solvency II Ratio SRLEV	162%	149%

Balance sheet

VIVAT's total assets remained stable compared to FY 2016. Increased market interest rates caused a decline

in the value of fixed income investments and financial instruments. This decline was compensated by the proceeds of the senior notes in May 2017 and the inflow of the premium from the pension buy-out.

The insurance liabilities decreased due to market interest rate movements.

Assets under management of ACTIAM decreased by EUR 0.5 billion mainly as result of market movements.

Commercial developments

Premium income significantly increased to EUR 1,704 million as a result of a pension fund buy-out within Life Corporate. Excluding this buy-out (which has a positive impact on the total premium income of EUR 375 million) income for all product lines remained stable compared to the first half of 2016.

Financial result

The net result IFRS of VIVAT in 1H17 (EUR 60 million negative) is negatively impacted by unfavorable market developments resulting in an increase of the technical provisions in relation to the LAT-shortfall of EUR 161 million. In 1H16 the net result of EUR 578 million was mainly driven by exceptional market developments, resulting in a release from technical provisions as a result of the change in the LAT-shortfall of EUR 587 million partly mitigated by restructuring costs of EUR 58 million net.

The net underlying result improved from EUR 53 million in 1H16 to EUR 73 million in 1H17. This increase was mainly driven by lower operating expenses in the product lines Life Corporate, Individual Life and Property & Casualty. The result of the segment 'Other', which includes VIVAT and other participations, decreased as a result of higher interest expenses due to funding activities and higher operating expenses arising from strategic projects.

The interest expenses on the outstanding debt of the holding (VIVAT) can be compensated by the expected interest received on the subordinated loans that VIVAT provided to its subsidiaries going forward.

In the table below the reconciliation of the net underlying result to net result IFRS is presented:

in € millions	1H17	1H16
Net Underlying Result VIVAT	73	53
1) Change LAT shortfall Life in P&L	-161	587
2) Other (un)realised changes in fair value of assets and liabilities	28	-4
3) Non-operating expenses and profits	0	-58
Net Result IFRS VIVAT	-60	578

1) The change of the LAT shortfall is a result of the (market) movements in interest, credit-spreads and inflation. Also changes in expectations of costs, technical parameters, models and update of portfolio(data) are taken into account.

2) Other (un)realised changes in fair value of assets and liabilities which effect IFRS result. This mainly relates to realised gains on equity investments (not in LAT) and result on hedges.

3) Non-operating expenses & profits relate to incidental items (> EUR 10 million) with a non-operational nature. For example provisions for restructuring and impairments of intangible assets.

Financial result per segment

Life Corporate

in € millions	1H17	1H16
Result		
Gross Written Premium Income	923	552
Operating expenses	51	66
Restructuring costs	0	43
Total costs	51	109
Net result IFRS	-125	550

Net Underlying Result	12	5
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Gross premium income increased with 67% compared to 1H16 predominantly as a result of a pension fund buy-out in 2017.

The net result IFRS decreased by EUR 675 million to EUR 125 million negative compared to the same period last year. Last year's restructuring program resulted in a reduction of the operating expenses during the first half of 2017. However, the aforementioned positive impacts have been more than offset by additions to the provisions due to a LAT shortfall. Due to less favourable market conditions this year EUR 161 million is added to the provisions due to a LAT shortfall while EUR 587 million was released in 1H16.

The net underlying result increased by EUR 7 million to EUR 12 million mainly caused by a better technical result and lower expenses, partly mitigated by an increase of a provision for administration expenses.

Individual Life

in € millions	1H17	1H16
Result		
Gross Written Premium Income	448	454
Operating expenses	44	78
Restructuring costs	0	23
Total costs	44	101
Net result IFRS	79	51

Net Underlying Result	73	72
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Gross premium income decreased by 1% compared to 1H16 mainly as a result of the shrinking individual life market. The decrease in the regular premium is partly offset by an increase in single premium. Net premium income was up as a result of higher own retention due to the optimisation of the reinsurance program.

The IFRS net result increased by EUR 28 million to EUR 79 million compared to the same period last year due to lower operating expenses. This is a result of cost savings achieved by last year's restructuring program. The lower operating expenses were largely mitigated by a lower cost coverage, technical result and last year's one-off in fee income. The focus of the individual life division remains to further reduce costs, increase retention and customer centricity.

The net underlying result remained stable at EUR 73 million compared to EUR 72 million in 1H16, mainly as lower costs were mitigated by a lower cost coverage, a lower technical result and a positive one-off in last year's fee income.

Property & Casualty

in € millions	1H17	1H16
Result		
Gross Written Premium Income	333	330
Operating expenses	51	62
Restructuring costs	0	11
Total costs	51	73
Net result IFRS	-3	-33
Net Underlying Result	0	-30
Combined Ratio (COR)	99.1%	111.8%

Gross premium income in 1H17 was marginally higher than in 1H16. Operating expenses are considerably lower as a result of the 2016 restructuring program.

The IFRS net result improved by EUR 30 million to EUR 3 million negative compared to 1H16. Also the 1H17 net underlying result is also EUR 30 million better than the same period last year. This improvement is driven by an improved net technical result (EUR 25 million), lower operating expenses (EUR 7 million net), which were partly mitigated by a lower underlying investment income (EUR 2 million). The improvement of the net technical result is attributable to increased technical results in disability, liability insurance and the negative impact of the hail storm in June 2016 (EUR 18 million), which heavily impacted the 1H16 results.

The improvement of the COR is attributable to an improvement in the claims ratio due to a better technical result and a lower expense ratio. Excluding the effects of the hail storm in 2016, the COR has improved by 5.6%-point (COR excluding hail storm 1H16 was 104.7%).

ACTIAM

in € millions (except as indicated otherwise)	1H17	1H16
Result		
Net fee and commission income	21	19

Operating expenses	21	18
Restructuring costs	0	0
Total costs	21	18
Net result IFRS	0	1

Net Underlying Result	0	1
Assets under management (€ billions)	54.1	55.9

The development of the assets under management for ACTIAM in 2017 shows a decline of EUR 0.5 billion compared to FY16. In 1H16 the assets under management were inflated by the exceptional market circumstances (Brexit).

The net fee impact of the decline in captive business is less than the increase in fees for the growing third party retail business, leading to an overall marginal higher margin for ACTIAM. Operating expenses increased as a result of new initiatives following the revised strategy and an updated cost allocation from VIVAT staff departments since year end 2016, which led to a lower result. In July 2017 ACTIAM outsourced its middle and back office activities to BNP Paribas, which is likely to help lower the cost base going forward.

Balance Sheet

in € millions	1H17	FY16
<i>Statement of financial position</i>		
Total assets	57,766	57,800
Investments	39,608	38,294
Investments for account of policyholders	13,351	14,251
Loans and advances to banks	1,526	960
Shareholders' equity	3,643	3,698
Total liabilities	54,123	54,102
Insurance liabilities	46,897	47,617
Subordinated debt	1,020	1,047
Senior debt	642	0
Amounts due to banks	1,958	1,353

Investments (for own risk) increased mainly as result of the cash inflow from the issued senior debt and a transfer of a portfolio of investments for the account of policy holders. This was partly offset by changes in the market value of fixed income securities as a result of increased market interest rates.

Loans and advances to banks increased mainly as result of paid cash collateral for financial instruments.

Insurance liabilities decreased mainly as a result of increased market interest rates causing a lower market value of technical provisions. This decrease partly related to an addition to the insurance liabilities, following the increase of the LAT shortfall (EUR 161 million after taxes). On the asset side of the balance sheet this was offset by a lower market value of investments and financial instruments. Amounts due to banks increased largely due to liabilities under repo agreements.

Interim consolidated balance sheet VIVAT

in € millions	1H17	FY16
Assets		
Intangible assets	2	4
Property and equipment	71	74
Investments in associates	7	7
Investment property	381	274
Investments	39,608	38,294
Investments for account of policyholders	13,351	14,251
Investments for account of third parties	833	1,387
Derivatives	729	1,091
Deferred tax assets (net) ¹	448	426
Reinsurance share	209	223
Loans and advances to banks	1,526	960
Corporate income tax	25	44
Other assets	320	355
Cash and cash equivalents	256	410
Total assets	57,766	57,800
Equity and liabilities		
Share capital ²	0	0
Other reserves	3,703	3,539
Retained earnings	-60	159
Shareholders' equity	3,643	3,698
Subordinated debt	1,020	1,047
Senior debt	642	0
Insurance liabilities	46,897	47,617
Liabilities investments for account of third parties	833	1,387
Provision for employee benefits	526	578
Other provisions	85	150
Derivatives	721	486
Amount due to banks	1,958	1,353
Other liabilities	1,441	1,484
Total equity and liabilities	57,766	57,800

¹ In the Annual Report of VIVAT 2016 deferred tax assets and deferred tax liabilities were presented as separate line items. For a better compliance with IFRS guidelines these two items have been netted in the Press Release of June 2017.

² The issued and paid up share capital of VIVAT is € 238.000

Interim consolidated profit or loss VIVAT

in € millions	1H17	1H16
Income		
Premium income	1,704	1,336
Less: Reinsurance premiums	25	36
Net premium income	1,679	1,300
Fee and commission income	53	76
Fee and commission expense	15	15
Net fee and commission income	38	61
Share in result of associates	0	0
Investment income	539	874
Investment income for account of policyholders	128	753
Result on derivatives	-346	358
Total income	2,038	3,346
Expenses		
Technical claims and benefits	1,859	1,174
Charges for account of policyholders	-68	964
Acquisition costs for insurance activities	82	76
Staff costs	140	246
Depreciation and amortisation of non-current assets	5	7
Other operating expenses	38	52
Impairment losses	1	5
Other interest expenses	62	51
Other expenses	0	0
Total expenses	2,119	2,575
Result before taxation	-81	771
Taxation	21	-193
Net result continued operations for the period	-60	578
Net underlying result	73	53

Additional Solvency II information

Breakdown Solvency II own funds VIVAT Group

	30 June 2017 (EUR million)
Tier 1	2,818
Restricted Tier 1	99
Tier 2	953
Tier 3	249
Solvency II own funds	4,120

Breakdown Solvency II solvency capital required (SCR) VIVAT Group

	30 June 2017 (EUR million)
Market risk	973

Default risk	254
Life	1,460
Health	269
Non-life	214
Diversification	-979
Other	213
Solvency II SCR	2,405

Additional information on the investment portfolio

Breakdown investment portfolio VIVAT Group by market value

	30 June 2017 (EUR billion)
Sovereigns	24.0
Credits	4.6
Money Market Funds	2.2
Collateral trades	0.7
Other (a.o. derivatives)	-0.7
Mortgages	2.7
Equity like	1.3
Total	34.8

Recent Developments

There are no material recent developments since 31 December 2016, being the end date of the last financial period for which audited financial information has been published.

Litigation

Save as disclosed in "*Risk Factors - The VIVAT Group is exposed to the level of interest rates*" and "*Risk Factors - The VIVAT Group is exposed to (litigation) risks related to the offering of investment insurance policies and investment pension policies*", VIVAT is not or has not been involved in and is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which VIVAT is aware) in the 12 months preceding the date of this Offering Memorandum, which may have, or have had in the recent past, significant effects on VIVAT's and/or the VIVAT Group's financial position or profitability as per the date of this Offering Memorandum.

Material Contracts

There are no material contracts entered into other than in the ordinary course of VIVAT's business, which could result in VIVAT being under an obligation or entitlement that is material to VIVAT's ability to meet its obligations to Noteholders in respect of the Notes.

Supervision

VIVAT is a holding company with no material, direct business operations (except for some limited activities as intermediary). Certain of its operating subsidiaries, such as SRLEV, are subject to the supervision of both DNB and AFM. SRLEV has a licence to conduct the business of a life insurance company in accordance with section 2:27 DFSA. Moreover, SRLEV and other insurance entities in the VIVAT Group as well as their respective subsidiaries are subject to supplementary supervision on insurance groups pursuant to chapter 3.6 of the DFSA. REAAL Schadeverzekeringen, Proteq, and DAS Nederlandse Rechtsbijstand Verzekeringsmaatschappij (Reaal Schadeverzekeringen has an equity

interest of 15.291% in DAS Holding N.V., which is the sole shareholder of DAS Nederlandse Rechtsbijstand Verzekeringsmaatschappij) also hold licences to conduct the business of an insurance company. REAAL Schadeverzekeringen holds a passport for a number of its activities in certain other European countries. Zwitserleven PPI N.V. holds a licence as a premium pension institution. Bemiddelingskantoor Nederland B.V. (formerly known as SNS Verzekeringen B.V.) is a financial services provider. Volmachtkantoor Nederland B.V. is an affiliated undertaking as meant in section 2:105 DFSA (*aangesloten onderneming*) of Reaal Schadeverzekeringen and is able to act as an agent. ACTIAM holds a licence as an alternative investment fund manager in accordance with section 2:65 DFSA. ACTIAM may perform a limited number of investment services based on section 2:67a DFSA, such as individual asset management and also holds a passport for Belgium for its individual asset management services.

CORPORATE GOVERNANCE

General

VIVAT has a two-tier board structure consisting of the Executive Board and the Supervisory Board, in accordance with the Dutch mitigated company regime (*gemitigeerd structuurregime*) as set forth in the provisions of sections 2:157 up to and including 2:161a and section 2:164 of the Dutch Civil Code, which VIVAT voluntarily applies.

Executive Board

General

The Executive Board is the day-to-day governing body of VIVAT and its business operations, and is responsible for (i) achieving the commercial, operational and financial objectives of VIVAT in the short and long term (group-wide) and (ii) corporate policy development (compliance, risk management, IT and human resources). In performing its role, it carefully weighs the interests of all its stakeholders and acts within established risk frameworks under supervision of the Supervisory Board.

The formal rules for the functioning of the Executive Board are set out in VIVAT's articles of association and in the internal regulations for the Executive Board. The members of the Executive Board have undertaken to abide by the rules contained in these internal regulations. Decisions of the Executive Board are taken by majority of votes. Under the articles of association and the internal regulations, certain decisions of the Executive Board require the approval of the general meeting of shareholders and/or Supervisory Board, such as:

- adoption of the strategy plan and the operational plan;
- acquisitions with a value in excess of EUR 10 million, unless these are within the scope of VIVAT's pre-approved investment policy;
- entering into or terminating contracts with regard to long-term partnerships;
- investments in an amount in excess of 25% of the issued share capital and reserves;
- expanding the business activities of VIVAT in a drastic manner with new initiatives and drastic changes in existing activities;
- a change of the targeted Solvency II margin;
- determination of the risk appetite statement and targeted solvency ratio included within the risk appetite statement;
- amendment of articles of association; and
- voting on shares in the share capital of subsidiaries.

Approval requests should be submitted first to the Supervisory Board and then to the general meeting of shareholders. Furthermore, the Executive Board must comply with general instructions given by its general meeting of shareholders (in the person of its sole shareholder Anbang) regarding instructions for general guidelines regarding financial, social, economic and commercial policy, as well as the policy to be followed regarding risk management (including capital, liquidity and interaction with supervisory authorities such as DNB and the AFM).

The rules also include provisions about continuing education. The members of the Executive Board and Supervisory Board are, for example, obliged to attend three education sessions per year in order to keep their knowledge on the insurance business up to date. The subject matters selected cover matters on insurance, such as new legislation, risk management and integrity.

The general meeting of shareholders of VIVAT (in the person of its sole shareholder Anbang), is entitled to appoint the members of the Executive Board at the general meeting of shareholders and decisions are taken by majority of votes. Only persons of which DNB declared they satisfy the requirements set forth in the licence to conduct the business of an insurer as referred in the DFSA (before convening of the general meeting of shareholders during which the appointment of the members will be dealt with) may be appointed as member of the Executive Board. Anbang appoints members of the Executive Board based on a binding nomination of the Supervisory Board. Anbang has the right to reject a nomination if there are material objections against the nomination in light of the interests of the VIVAT Group. Should Anbang, after a first rejection, also reject the successive nomination of a candidate by the Supervisory Board, Anbang may appoint the member of the Executive Board without nomination of the Supervisory Board.

Each member of the Executive Board may, at any time, be suspended by the Supervisory Board. Members of the Executive Board may also be suspended and removed by the general meeting, but only after having consulted the Supervisory Board, which has an advisory vote, and a lapse of four weeks (except if there are urgent reasons and suspension and removal takes place immediately).

Members of the Executive Board

As at the date of this Offering Memorandum, the Executive Board consists of Ron van Oijen, Yinhua Cao, Lan Tang, Wendy de Ruiter-Lörx, Xiao Wei Wu, Jeroen Potjes and Feng Zhang. The members of the Executive Board have elected domicile at the registered office of VIVAT.

There are no potential conflicts of interest between any of the duties of the members of the Executive Board towards VIVAT and the private interests and/or other duties of the members of the Executive Board, except that potential future conflicts of interest could arise as a result of (i) all members of the Executive Board also holding positions with the statutory boards of SRLEV, Proteq and Reaal Schadeverzekeringen and (ii) Lan Tang, Xiao Wei Wu, Jeroen Potjes and Feng Zhang currently holding other positions with entities belonging to the Anbang group of companies as set out in more detail below. All members of the Executive Board have a statutory duty to perform their duties in the interest of VIVAT and the business connected with it, thereby taking into account the interests of all relevant stakeholders of VIVAT and not exclusively the interests of Anbang as VIVAT's sole shareholder. Subject to what is discussed above under the heading "*Shareholder: Anbang Group Holdings Co. Ltd.*" the Executive Board is independent in determining the strategy of VIVAT and running its operations.

The following table sets forth the composition of the Executive Board as at the date of this Offering Memorandum.

Executive Board			
Name	Nationality	Position	Date of appointment
J.J.T. (Ron) van Oijen	Dutch	Chief Executive Officer	14 March 2016
Y. (Yinhua) Cao	Chinese	Chief Financial Officer	23 October 2015
L. (Lan) Tang	British	Chief Risk Officer	26 July 2015
W.M.A (Wendy) de Ruiter-Lörx	Dutch	Chief Commercial Officer	24 May 2016
X.W. (Xiao Wei) Wu	Chinese	Chief Transformation Officer	26 July 2015
J.C.A. (Jeroen) Potjes	Dutch	Chief Operating Officer	24 May 2016

F. (Feng) Zhang	Chinese	Chief of Staff	26 July 2015
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J.J.T. (Ron) van Oijen (1961) is chief executive officer. He obtained a master's degree in actuarial science at the University of Amsterdam, followed by an advanced management programme at the Wharton Business School. Van Oijen started his career at Aegon and ING in the Netherlands. He subsequently worked as chief executive officer of ING Life and ING Bank in the Czech Republic and Slovakia for four years. In Seoul and Hong Kong he led the large ING Life branches in India, Thailand and South Korea as regional chief executive officer, after which he was appointed as chief executive officer of AIA Thailand. At the date of this Offering Memorandum, Van Oijen is also a member of the board of the Association of Insurers and president of the Royal Actuarial Association of the Netherlands.

Y. (Yinhua) Cao (1975) is chief financial officer. He has a bachelor's degree in international finance from the Shanghai University of Economics and Finance. Cao started his career in the financial service sector at PricewaterhouseCoopers in 1998. He was the lead audit partner for large insurance companies and asset management companies, and as the lead partner, he was also involved in various finance and solvency consulting programs for insurers. His last position with PricewaterhouseCoopers was the partner of the financial service group. At Anbang, he commenced as managing director of Anbang Asset Management Hong Kong and finance director of the Anbang Insurance Group. At the date of this Offering Memorandum, Cao is also a member of the financial and economic committee of the Association of Insurers.

L. (Lan) Tang (1974) is chief risk officer of the Executive Board. He has a bachelor degree in engineering from Beijing University of Aeronautics and Astronautics and a master degree in actuarial science from Central University of Finance and Economics in Beijing. Tang is a qualified actuary of the United Kingdom. He worked as a consulting actuary for an actuarial consulting firm in London, after which he worked for a global actuarial consulting firm in Hong Kong and an accounting firm in China. In 2010, he started to work as the chief actuary of Anbang Life, where his last position was the deputy general manager and chief actuary of Anbang Life. At the date of this Offering Memorandum, Tang is also chairman of Fidea N.V., as well as a member of the supervisory boards of ACTIAM Beleggingsfondsen N.V., SNS Beleggingsfondsen N.V. and Zwitserleven Beleggingsfondsen. He is also a non-executive director of Bank Nagelmackers NV.

W.M.A. (Wendy) de Ruiter-Lörx (1973) is chief commercial officer of the Executive Board. She holds a master's degree in business economics from Erasmus University Rotterdam. She also completed a master's in management & organisation at TIAS Business School in Tilburg. She started her career at ING and Nationale-Nederlanden, where she worked for 15 years, fulfilling various managerial roles in operations and product and process management at both Nationale-Nederlanden and ING Bank. Her most recent position at Nationale-Nederlanden was that of director of retail clients. De Ruiter-Lörx joined Reaal Life as a unit manager in 2012. Two years later, she was appointed director of Reaal's life business in charge of life policies and mortgages. At the date of this Offering Memorandum, De Ruiter-Lörx is a member of the distribution committee of the Association of Insurers.

X.W. (Xiao Wei) Wu (1980) is chief transformation officer of the Executive Board. She has a bachelor's degree in international finance from the University in Fudan, China, and a master's degree in business administration from China Europe International Business School in Shanghai. She worked as associate principal at McKinsey Shanghai, for the insurance sector in Asia. In 2012, Wu commenced at the Anbang group of companies and subsequently worked as director of strategy, director of IT and director of risk. She also was director at Hexie Health, and Anbang Annuity Insurance, both part of Anbang. At

the date of this Offering Memorandum, she is non-executive member and chairwoman of Anbang Belgium Holding NV and Bank Nagelmackers NV.

J.C.A. (Jeroen) Potjes (1965) is chief operating officer of the Executive Board. He earned a master's degree in econometrics from Erasmus University Rotterdam as well as a doctorate in economics from the same university. Potjes joined ING Verzekeringen in 1992; he started out at the head office before being assigned to Japan between 1997 and 2001 and to Hong Kong until 2008; in Hong Kong, he served as chief financial officer of the insurance business and asset manager of ING Asia Pacific. He returned to the Netherlands in 2008, when he became responsible for the risk management practices of the global insurance business of ING and subsequently NN Group. During this period, Potjes also sat on the supervisory board of ING Re, ING's reinsurance business. Potjes joined Anbang in 2015, one of his roles being that of non-executive director of Anbang Belgium Holding NV. At the date of this Offering Memorandum, Potjes is also a member of the committee life insurance of the Association of Insurers and a member of the board of SIVI.

F. (Feng) Zhang (1979) is chief of staff of the Executive Board. He has a master's degree in business administration from the University of Northumbria at Newcastle and a bachelor's degree in literature from Wuhan University, China. Zhang joined Anbang in 2005, worked as director of claims, underwriting, sale and marketing and human resources. In 2011 he commenced as deputy general manager of Anbang Property and Casualty Insurance. His last positions were that of general manager of Property and Casualty Insurance, director of Anbang Life Insurance, director of Anbang Annuity Insurance and chairman of the board at Anbang Property and Casualty Insurance. .

Supervisory Board

General

The Supervisory Board is responsible for supervising the management of the Executive Board, the general course of affairs of VIVAT, the business connected with it and providing advice to the Executive Board. Supervision entails, *inter alia*, monitoring realisation of objectives, strategy, risk policies, integrity of business operations and compliance with laws.

The Supervisory Board may, on its own initiative, provide the Executive Board with advice and may request any information from the Executive Board that it deems appropriate. In performing its duties, the Supervisory Board must consider and act in accordance with the interests of VIVAT and the business connected with it. The Executive Board must timely provide the Supervisory Board with the information necessary for the performance of its duties. At least once a year, the Executive Board must provide the Supervisory Board with a written report outlining VIVAT's strategy, the general and financial risks faced by VIVAT and VIVAT's management and control system. The Supervisory Board has the power to make a binding nomination for appointment by the general meeting of shareholders of members of the Executive Board (see also "*Shareholder: Anbang Group Holdings Co. Ltd.*").

The Supervisory Board meets at least six times per year in accordance with an annual schedule. Decisions of the Supervisory Board are taken by a majority of votes. The Supervisory Board has drawn up internal regulations that elaborate and expand on a number of provisions from the articles of association. These regulations set out additional powers. All members of the Supervisory Board have declared their acceptance of these regulations and have undertaken to abide by the rules contained therein.

The members of the Supervisory Board are appointed by the general meeting of shareholders of VIVAT (in the person of its sole shareholder Anbang) upon nomination of the Supervisory Board. The nomination of the Supervisory Board should include candidates recommended by the general meeting of shareholders for no less than 49% of the total number of Supervisory Board members. One Supervisory Board member is recommended by the works council (*ondernemingsraad*). The appointment of members of the Supervisory Board requires approval by DNB.

Members of the Supervisory Board

As at the date of this Offering Memorandum, the Supervisory Board consists of Maarten Dijkshoorn, Miriam van Dongen, Pierre Lefèvre, Ming He and Kevin Shum. Members of the Supervisory Board are appointed (in principle by the general meeting of shareholders) for a term of four years. Reappointment for a further four year period may only take place twice, and only after careful consideration. For appointments and reappointments of members of the Supervisory Board, regard should be had to the profile outline of the Supervisory Board, the functioning of the director in question, the term of the total appointment and other criteria.

The members of the Supervisory Board have elected domicile at the registered office of VIVAT.

There are no potential conflicts of interest between any of the duties of the members of the Supervisory Board towards VIVAT and the private interests and/or other duties of the members of the Supervisory Board, except that potential future conflicts of interest could arise as a result of (i) all members of the Supervisory Board holding positions with the supervisory boards of SRLEV, Proteq and Reaal Schadeverzekeringen and (ii) Pierre Lefèvre, Ming He and Kevin Shum also holding other positions within the Anbang group of companies as set out in more detail below. All members of the Supervisory Board have a statutory duty to perform their duties in the interest of VIVAT, thereby taking into account the interests of all relevant stakeholders of VIVAT and the business connected with it, and not exclusively the interests of Anbang as VIVAT's sole shareholder.

The following table sets forth the composition of the Supervisory Board as at the date of this Offering Memorandum.

Supervisory Board*			
Name	Nationality	Position	Date of appointment
M.W. (Maarten) Dijkshoorn	Dutch	Chairman	23 December 2016
M.R. (Miriam) van Dongen	Dutch	Member	26 July 2015
P.P.J.L.M.G. (Pierre) Lefèvre	Belgian	Member	26 July 2015
M. (Ming) He	American	Member	26 July 2015
K.C.K. (Kevin) Shum	British	Member	26 July 2015

** The members of the Supervisory Board are also the members of the supervisory boards of SRLEV, Proteq and Reaal Schadeverzekeringen.*

M.W. (Maarten) Dijkshoorn was appointed as chairman of the Supervisory Board on 23 December 2016. He is member of the remuneration and nomination committee and member of the risk committee. Dijkshoorn has worked in the financial services industry for more than 40 years. From 2002 to 2009, he was chief executive officer and chief operational officer of Eureka BV (Achmea). Prior to

that, Dijkshoorn held various management functions within Nationale-Nederlanden for 25 years. He was, until recently, supervisory board member of Monuta, MediRisk and PGGM. Dijkshoorn is chairman of the supervisory board of de Goudse Verzekeringen NV.

M.R. (Miriam) van Dongen has over 20 years of experience in corporate finance, business strategy and in the financial services industry. In 2007, Van Dongen joined Achmea BV/Eureko BV as chief financial officer of the health division. She holds various supervisory board positions and is the chair of the audit committees of these supervisory boards. Van Dongen currently serves as supervisory board member and the chair of the audit committee of CB Logistics and PGGM NV. She is also member of the supervisory board of Optever. Recently, she has been appointed member of the Supervisory Council and chair of audit committee of The Netherlands' Cadastre and board member of Stichting Administratiekantoor Aandelen KAS BANK. Van Dongen was appointed as delegated member of the Supervisory Board of VIVAT in October 2015 and this ended on 23 May 2016. The function of a delegate member comprises intensified supervision of and advice to the Executive Board which the Supervisory Board supervises, on behalf of the Supervisory Board. Van Dongen was appointed as member of the Supervisory Board on 26 July 2015. She is chair of the audit committee and member of the risk committee and member of the remuneration and nomination committee.

P.P.J.L.M.G. (Pierre) Lefèvre was appointed as member of the Supervisory Board on 26 July 2015. He is chairman of the risk committee and member of the audit committee. After his studies in mechanical engineering and industrial administration, Lefèvre became internal auditor at Unilever before joining AXA Belgium NV in Belgium as a financial controller. He continued his career with AXA Belgium as general manager for Individual Life and later on as general manager for P&C Personal Lines. In 1994, he moved to AXA United Kingdom plc. as chief executive officer of the P&C insurance business and was subsequently appointed chairman of the board. In 1998 he was appointed as chief executive officer of AXA Netherlands. Between 2002 and 2013 Lefèvre fulfilled various chief executive officer roles in subsidiaries of Groupama SA. Since 2013, Lefèvre has acted as independent non-executive director and chair of the risk committee of Hasting Insurance Group Holdings PLC and, since 2014 as senior advisor of Eurohold Corporate Finance, SL. He also serves as an independent non-executive director and chairman of the risk committee of Advantage Insurance Company Limited and as non-executive director of Anbang Belgium Holding NV. He is also an independent non-executive director, member of the nomination and governance committee and chairman of the audit, risk and compliance committee of Fidea N.V.

M. (Ming) He was appointed as member of the Supervisory Board on 26 July 2015. He is member of the audit committee. He went Chengdu University of technology in China for his college education and completed a bachelor degree in 1982. He obtained a master degree at Bowling Green State University in 1992 and a MBA at the American Graduate School of International Management in 1998. He started his career at the Superior Environment Corporation in 1992 as an environmental engineer. In 2009, he joined Anbang Insurance Group Co., Ltd. as chief investment director of Anbang Property & Casualty Insurance Co., Ltd. As of 2012 he was appointed as director and general manager of Anbang Asset Management. He is chief executive officer of Anbang Belgium Holding NV.

K.C.K. (Kevin) Shum was appointed as member of the Supervisory Board on 26 July 2015. He joined Anbang Insurance Group in March 2014. Shum received his master of science in financial analysis from the HKUST Business School, attended Guildford College of Law, UK and received his bachelor of laws from the University of Southampton, UK. He is a qualified solicitor of England & Wales, a solicitor of Hong Kong, a member of the Chartered Institute of Arbitrators and is a Chartered Financial Analyst. With over 20 years' experience in the legal and financial sectors, Shum has extensive experience in

advising multinational corporations, funds and investment banks on legal issues relating to securities, investments, derivatives, financing, acquisitions, mergers, restructurings, liquidation and corporate governance. Prior to joining Anbang, Shum worked as a private practitioner at Coudert Brothers LLP and at Jun He Law Offices, as counsel for private equity firm Alliance Capital Asia Limited and a hedge fund under CCIB Asset Management Co. Limited. He currently serves as Executive Director, Legal and Compliance for Anbang International Holdings Co. Limited, overseeing its legal and compliance functions. Shum is a non-executive director of Fidea NV (chairman of the nomination, governance and remuneration committee) as well as, as per 2 November 2017, a member of the supervisory boards of ACTIAM Beleggingsfondsen N.V., SNS Beleggingsfondsen N.V. and Zwitserleven Beleggingsfondsen.

TAXATION

Dutch Taxation

This chapter outlines the principal Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes. It does not present a comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to Noteholders. For Dutch tax purposes, a Noteholder may include an individual who or an entity that does not hold the legal title of the Notes, but to whom nevertheless the Notes, or the income thereof, are attributed based either on such individual or entity owning a beneficial interest in the Notes or based on specific statutory provisions. These include statutory provisions pursuant to which Notes are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Notes.

This chapter is intended as general information only. A prospective Noteholder should consult his own tax adviser regarding the tax consequences of any acquisition, holding or disposal of Notes.

This chapter is based on Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date of the Offering Memorandum, including, for the avoidance of doubt, the tax rates applicable on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Any reference in this chapter made to Dutch taxes, Dutch tax or Dutch tax law must be construed as a reference to taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities or to the law governing such taxes, respectively. Any reference in this chapter made to 'the Netherlands' must be construed as a reference to the part of the Kingdom of the Netherlands located in Europe.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation for the country of the Netherlands (*Belastingregeling voor het land Nederland*), the Tax Regulation the Netherlands Curacao (*Belastingregeling Nederland Curacao*), the Tax Regulation the Netherlands Saint Martin (*Belastingregeling Nederland Sint Maarten*) and the Agreement between the Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the avoidance of double taxation.

This chapter does not describe the possible Dutch tax considerations or consequences that may be relevant to a Noteholder:

- (i) who is an individual and for whom the income or capital gains derived from the Notes are attributable to employment activities, the income from which is taxable in the Netherlands;
- (ii) who has, or that has, a substantial interest (*aanmerkelijk belang*) or a fictitious substantial interest (*fictief aanmerkelijk belang*) in VIVAT within the meaning of chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally, a substantial interest in VIVAT arises if the Noteholder, alone or – in case of an individual – together with his partner, owns or holds certain rights over, including rights to, directly or indirectly, acquire, shares representing,

directly or indirectly, 5% or more of the issued capital of VIVAT or of the issued capital of any class of shares;

(iii) that is an entity that is, pursuant to the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) (the "**CITA**"), not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as a qualifying pension fund); and

(iv) that is an investment institution (*beleggingsinstelling*) as described in Section 6a or 28 CITA.

Withholding Tax

All payments made by VIVAT 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.

Taxes on Income and Capital Gains

Residents of the Netherlands

The description of certain Dutch tax consequences in this chapter is only intended for the following Noteholders:

- (i) individuals who are resident or deemed to be resident of the Netherlands ("**Dutch Individuals**"); and
- (ii) entities or enterprises that are subject to the CITA and are resident or deemed to be resident of the Netherlands ("**Dutch Corporate Entities**").

Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities (*resultaat uit overige werkzaamheden*) are generally subject to income tax at statutory progressive rates with a maximum of 52% with respect to any benefits derived or deemed to be derived from the Notes, including any capital gains realised on the disposal thereof, that are attributable to:

- (i) an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement (*medegerechtigde*) to the net worth of such enterprise other than as an entrepreneur or a shareholder; or
- (ii) miscellaneous activities, including, without limitation, activities which are beyond the scope of active portfolio investment activities (*meer dan normaal vermogensbeheer*).

Dutch Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Generally, the Notes held by a Dutch Individual who is not engaged or deemed to be engaged in an enterprise or in miscellaneous activities, will be subject annually to an income tax imposed on a fictitious yield on such Notes. The Notes held by such Dutch Individual will be taxed under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realised, the annual taxable benefit of the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Notes, is set at a percentage of the positive balance of the fair market value of such assets, including the Notes, and the fair market value of such liabilities.

For the purpose of the fiscal year 2017, the percentage increases:

- from 2.87% of such positive balance from EUR 0 up to EUR 75,000;

- to 4.60% of such positive balance over EUR 75,000 up to EUR 975,000; and
- to a maximum of 5.39% of such positive balance over EUR 975,000.

No taxation occurs if such positive balance does not exceed a certain threshold (*heffingvrij vermogen*) (EUR 25,000 in 2017). The fair market value of assets, including the Notes, and liabilities that are taxed under this regime is measured, in general, exclusively on 1 January of every calendar year. The tax rate under the regime for savings and investments is a flat rate of 30%.

Dutch Corporate Entities

Dutch Corporate Entities are generally subject to corporate income tax at statutory rates up to 25% with respect to any benefits derived or deemed to be derived from the Notes, including any capital gains realised on the disposal thereof.

Non-Residents of the Netherlands

The description of certain Dutch tax consequences in this chapter is only intended for the following Noteholders:

- individuals who are not resident and not deemed to be resident of the Netherlands ("**Non-Dutch Individuals**"); or
- entities that are not resident and not deemed to be resident of the Netherlands ("**Non-Dutch Corporate Entities**").

Non-Dutch Individuals

A Non-Dutch Individual will not be subject to any Dutch taxes on income or capital gains in respect of the purchase, ownership and disposal or transfer of the Notes, except if:

- (i) the Non-Dutch Individual derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Notes are attributable;
- (ii) the Non-Dutch Individual derives benefits from miscellaneous activities carried out in the Netherlands in respect of the Notes, including (without limitation) activities which are beyond the scope of active portfolio investment activities; or
- (iii) the Non-Dutch Individual is entitled to a share in the profits of an enterprise, other than by way of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Non-Dutch Corporate Entities

A Non-Dutch Corporate Entity will not be subject to any Dutch taxes on income or capital gains in respect of the purchase, ownership and disposal or transfer of the Notes, except if:

- (i) the Non-Dutch Corporate Entity derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Notes are attributable; or

- (ii) the Non-Dutch Corporate Entity is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, other than by way of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Under certain specific circumstances, Dutch taxation rights could be restricted pursuant to treaties for the avoidance of double taxation.

Dutch Gift Tax or Inheritance Tax

No Dutch gift tax or inheritance tax is due in respect of any gift of the Notes by, or inheritance of the Notes on the death of, a Noteholder, except if:

- at the time of the gift or death of the Noteholder, the Noteholder is resident, or is deemed to be resident, of the Netherlands;
- the Noteholder passes away within 180 days after the date of the gift of the Notes while being, or being deemed to be, resident of the Netherlands at the time of his death but not at the time of the gift; or
- the gift of the Notes is made under a condition precedent and the Noteholder is resident, or is deemed to be resident, of the Netherlands at the time the condition is fulfilled.

Other Taxes and Duties

No Dutch taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by the Company or by or on behalf of the Noteholder by reason only of the issue, acquisition or transfer of the Notes.

Residency

A Noteholder will not become resident, or deemed resident, of the Netherlands by reason only of holding the Notes.

Automatic Exchange of Information

The OECD released the Common Reporting Standard ("**CRS**") and its Commentary on 21 July 2014. Over 60 countries, including the Netherlands, have publicly committed to implement the CRS. Besides CRS, the EU has adopted Council Directive 2011/16/EU on administrative co-operation in the field of taxation (as amended by Council Directive 2014/107/EU and as amended further by Council Directive 2015/2376) ("**DAC**"). The Netherlands has implemented CRS and DAC in the *Wet internationale bijstandsverlening bij de heffing van belastingen* ("**WIB**"). If the country of tax residence is a country with which the Netherlands exchanges information under the WIB, the Netherlands will automatically exchange financial account information of the Noteholder with this state via the Dutch tax authorities.

SUBSCRIPTION AND SALE

Each of ABN AMRO Bank N.V., BNP Paribas, Deutsche Bank AG, London Branch and The Royal Bank of Scotland plc (trading as NatWest Markets) (the "**Joint Lead Managers**") will, pursuant to a subscription agreement to be entered into on or about the Closing Date (the "**Subscription Agreement**"), agree to subscribe or procure subscribers for the Notes at the issue price of 100% of the principal amount of the Notes, less certain agreed commissions. VIVAT will also reimburse the Joint Lead Managers in respect of certain of their expenses incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of VIVAT. 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 Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

The Joint Lead Managers have 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 U.S. 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings assigned to them by the U.S. Internal Revenue Code and U.S. 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 the Joint Lead Managers (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The Joint Lead Managers have 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 VIVAT.

The Netherlands

Each Joint Lead Manager has represented and agreed that any Notes will only be offered in the Netherlands to qualified investors (*gekwalificeerde beleggers*) as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

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 and any rules made under the SFO.

Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Offering Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- a. a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) 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;
- b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- i. to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or
- ii. where no consideration is or will be given for the transfer; or
- iii. where the transfer is by operation of law; or
- iv. pursuant to Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations.

General

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

The Joint Lead Managers have 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 Memorandum.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Memorandum and have been filed with the Irish Stock Exchange, shall be deemed to be incorporated in, and to form part of, this Offering Memorandum:

- (a) VIVAT's publicly available annual report 2015 (English version), in which VIVAT is still named REAAL N.V., pages 79 to 196 (inclusive), containing the audited consolidated financial statements of the VIVAT Group and company financial statements of VIVAT (including the notes thereto and the independent auditor's report thereon) in respect of the financial year ended 31 December 2015;
- (b) VIVAT's publicly available annual report 2016 (English version), pages 50 to 200 (inclusive), containing the audited consolidated financial statements of the VIVAT Group and company financial statements of VIVAT (including the notes thereto and the independent auditor's report thereon) in respect of the financial year ended 31 December 2016; and
- (c) The articles of association (*statuten*) of VIVAT dated 26 July 2015.

Those parts of the documents referred to above which are not incorporated by reference are, to the extent that such information is relevant for the investors, covered elsewhere in this Offering Memorandum.

Physical copies of the documents referred to above can be obtained without charge at the office of VIVAT (Burgemeester Rijnderslaan 7, 1185 MD Amstelveen, the Netherlands), at the specified office of the Fiscal Agent (Winchester House, 1 Great Winchester Street, EC2N 2DB London, United Kingdom). Furthermore, this Offering Memorandum and all of the documents which are deemed to be incorporated herein by reference will be available on the website of VIVAT: www.vivat.nl. Written or oral requests for such documents should be directed to VIVAT at its office set out at the end of this Offering Memorandum.

GENERAL INFORMATION

Authorisation

The issue and offering of the Notes were duly authorised by a resolution of the Executive Board passed on 10 October 2017 and approved by a resolution of the Supervisory Board passed on 13 October 2017.

Issue Date

The issue date of the Notes is expected to be on or about 16 November 2017.

Listing and Trading

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on the *Global Exchange Market* of the Irish Stock Exchange on the commencing on 16 November 2017. The costs to VIVAT in connection with the listing and admission to trading of the Notes are approximately EUR 8,500.

Clearing Systems

The Notes have been accepted for clearing and settlement through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 171720249. The ISIN for the Notes is XS1717202490.

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.

Listing and Fiscal Agent

Deutsche Bank AG, London Branch has been engaged by VIVAT as (i) Fiscal Agent for the Notes, upon the terms and subject to the conditions set out in the Agency Agreement, for the purpose of paying sums due on the Notes and of performing all other obligations and duties imposed on it by the Terms and Conditions and the Agency Agreement, and (ii) as calculation agent ("**Calculation Agent**") to perform the duties set out in the Agency Agreement. Deutsche Bank Luxembourg S.A. has been engaged by VIVAT as Listing Agent for the Notes and is not itself seeking admission to trading of the Notes on the Global Exchange Market of the Irish Stock Exchange.

Deutsche Bank AG, London Branch, in its capacity of Fiscal Agent, Calculation Agent, and Deutsche Bank Luxembourg S.A., in its capacity as Listing Agent, are acting for VIVAT only and will not regard any other person as its client in relation to the offering of the Notes. Neither Deutsche Bank AG, London Branch, Deutsche Bank Luxembourg S.A. nor any of their directors, officers, agents or employees makes any representation or warranty, express or implied, or accepts any responsibility, as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Offering Memorandum, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with VIVAT or the offering of the Notes. Accordingly, Deutsche Bank AG, London Branch and Deutsche Bank Luxembourg S.A. disclaim all and any liability, whether arising in tort or contract or otherwise, in respect of this Offering Memorandum and or any such other statements.

Yield

The effective yield of the Notes to (but excluding) the First Call Date is 6.250% per annum. The yield is calculated at the Issue Date.

Significant or Material Change

There has been no significant change in the financial or trading position of the VIVAT Group or VIVAT since 31 December 2016, being the end date of the last financial period for which audited financial information has been published.

There has been no material adverse change in the prospects of the VIVAT Group or VIVAT since 31 December 2016, being the end date of the last financial period for which audited financial information has been published.

Documents Available for Inspection

So long as the Notes are outstanding, physical copies of the following documents will, when published, be available free of charge at the registered offices of VIVAT (Burgemeester Rijnderslaan 7, 1185 MD Amstelveen, the Netherlands) and at the specified office of the Fiscal Agent:

- (a) VIVAT's publicly available annual report 2015 (English version), in which VIVAT is still named REAAL N.V., pages 79 to 196 (inclusive), containing the audited consolidated financial statements of the VIVAT Group and company financial statements of VIVAT (including the notes thereto and the independent auditor's report thereon) in respect of the financial year ended 31 December 2015;
- (b) VIVAT's publicly available annual report 2016 (English version), pages 50 to 200 (inclusive), containing the audited consolidated financial statements of the VIVAT Group and company financial statements of VIVAT (including the notes thereto and the independent auditor's report thereon) in respect of the financial year ended 31 December 2016;
- (c) The articles of association (*statuten*) of VIVAT dated 26 July 2015; and
- (d) The Agency Agreement.

Electronic copies of the documents listed above, will also be available on the website of VIVAT: www.vivat.nl.

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

This Offering Memorandum as well as the documents listed in the chapter "*Documents incorporated by reference*" and under the heading "*Documents available for inspection*" above are available on VIVAT's website at www.vivat.nl under the heading "*investors*". Information on VIVAT's website does not form part of this Offering Memorandum and may not be relied upon in connection with any decision to invest in the Notes.

Auditors

KPMG Accountants N.V. ("**KPMG**") independent auditors, have audited, and rendered an unqualified auditor's report on VIVAT's financial statements for the financial year ended 31 December 2015.

After a tender process, Anbang, upon a proposal of the Supervisory Board, appointed EY as VIVAT's external auditor for the years 2016 to 2019. Ernst & Young Accountants LLP ("**EY**") independent auditors, have audited, and rendered an unqualified auditor's report on VIVAT's financial statements for the financial year ended 31 December 2016.

KPMG and EY have given, and have not withdrawn, their written consent to the inclusion of their reports and the references to themselves herein in the form and context in which they are included. Both KPMG and EY have no interest in VIVAT or the VIVAT Group.

The auditors who sign on behalf of KPMG and EY are both a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*). The business address of KPMG is Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands. The business address of EY is Cross Towers, Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands.

Ratings

As at the date of this Offering Memorandum, Standard & Poor's has suspended the credit rating of VIVAT. At the date of this Offering Memorandum, VIVAT has a BBB (negative) issuer default rating from Fitch.

DEFINITIONS

The following definitions are used in this Offering Memorandum:

4th EU AML/CFT Directive	Directive (EU) No 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 money laundering or terrorist financing, 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
ACTIAM	ACTIAM N.V.
Additional Amounts	Such additional amounts to be paid by VIVAT as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no withholding or deduction been required in respect of any present or future taxes or duties whatsoever levied by the Netherlands
AFM	The Netherlands Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>)
Agency Agreement	An agency agreement dated 16 November 2017 (as amended and/or supplemented and/or restated from time to time)
Anbang	Anbang Group Holdings Co. Ltd
Audit Committee	The audit committee of the Supervisory Board
Audit VIVAT	The independently operating (third line) audit function of VIVAT which has a supervising role assessing the proper functioning of the risk management system (including the interaction between the first and second line)
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms
Business Day	In relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place
Calculation Agent	Deutsche Bank AG, London Branch
CITA	Dutch Corporate Income Tax Act 1969 (<i>Wet op de vennootschapsbelasting 1969</i>)
Clearstream, Luxembourg	Clearstream Banking, société anonyme
Closing Date	On or about 16 November 2017
Compensation Agreement	A settlement agreement between SRLEV and several organisations representing policyholders dated 15 November 2010
COR	Combined overall ratio
Couponholders and the Coupons	The holders of the interest coupons appertaining to the Notes
CRA	Credit risk adjustment
CRS	The common reporting standard released by the OECD on 21 July 2014

DAC	Council Directive 2011/16/EU on administrative co-operation in the field of taxation (as amended by Council Directive 2014/107/EU and as amended further by Council Directive 2015/2376)
Decree	A decree issued by the Minister on 1 February 2013 pursuant to sections 6:2 and 6:4 of the DFSA
DFSA	Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>)
DNB	Dutch Central Bank
DNO	Declaration of no objection (<i>verklaring van geen bezwaar</i>)
Dutch Corporate Entities	Entities or enterprises that are subject to the CITA and are resident or deemed to be resident of the Netherlands
Dutch Individuals	Individuals who are resident or deemed to be resident of the Netherlands
Dutch Intervention Act	Dutch Intervention Act of 13 June 2012 (<i>Wet bijzondere maatregelen financiële ondernemingen</i>)
EC	European Commission
EIOPA	European Insurance and Occupational Pensions Authority
Electronic Consent	Approval of a resolution proposed by VIVAT 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
EMIR	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
Encumbrance	Any mortgage, charge, pledge, lien or other encumbrance
ESG	Environmental Social Governance
EU Member States	Member states of the European Union
Euroclear	Euroclear Bank S.A./N.V.
Euronext Amsterdam	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
Eurosystem	The central banking system for the euro
Executive Board	VIVAT's executive board (<i>raad van bestuur</i>)
EY	Ernst & Young Accountants LLP
FATCA	Foreign Account Tax Compliance Act
FFI	A non-U.S. foreign financial institution
FFI Agreement	An agreement with the United States Internal Revenue Service, under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements
Fiscal Agent	Deutsche Bank AG, London Branch
FSMA	Financial Services and Markets Act 2000
FTT	Financial transaction tax
GDPR	The EU General Data Protection Regulation, was adopted on 27 April 2016.
Group	VIVAT and its subsidiaries within the meaning of Section 2:24b of the Dutch Civil Code.
ICSDs	Euroclear and Clearstream, together the international central securities depositories
IFRS	International Financial Reporting Standards

IGA	Inter-governmental agreement between a local government and the U.S. to facilitate the implementation of FATCA
Insurance Distribution Directive or IDD	Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution
Interest Payment Date	16 May and 16 November in each year
Investor's Currency	Investor's financial activities denominated principally in a currency or currency unit
IRC	Insurer's Risk Committee
Issuer	VIVAT N.V.
Joint Lead Managers	ABN AMRO Bank N.V., BNP Paribas, Deutsche Bank AG, London Branch and The Royal Bank of Scotland plc (trading as NatWest Markets)
KID	Key information document
KiFiD	The Financial Services Complaints Institute
KPMG	KPMG Accountants N.V.
LAT	The IFRS liability adequacy test
LLP	Last liquid point
MA	Matching adjustment
Material Subsidiary	Any Subsidiary of VIVAT, which is a licensed bank or an insurer within the meaning of the DFSA
MGC	Model Governance Committee
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012
Minister	The Dutch Minister of Finance
Mortgage Credit Directive	Directive 2014/17/EU of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010
Non-Dutch Corporate Entities	Entities that are not resident and not deemed to be resident of the Netherlands
Non-Dutch Individuals	Individuals who are not resident and not deemed to be resident of the Netherlands
NOPs	Non-accumulating policies (<i>niet opbouwende polissen</i>)
Noteholders	The holders of the Notes
Notes	The USD 575,000,000 undated subordinated Notes issued by VIVAT
Offering Memorandum Order	This offering memorandum dated 14 November 2017 Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
ORSA	The own risk and solvency assessment requiring insurers to undertake a self-assessment of their risks, corresponding solvency requirements and adequacy of own funds
OTC	Over-the-counter
P&C	Property & Casualty
Participating Member States	11 participating EU Member States, being Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the FTT-zone

Paying Agents	The Fiscal Agent and other initial paying agents named in the Agency Agreement
PEP's	Politically exposed persons
PMPC's	Product Market Pricing Committees
PRIIPS	Packaged Retail Investment and Insurance Products
PRIIPS Regulation	The Packaged Retail Investment and Insurance Products Regulation
Profit Sharing Policies	The rights of policyholders to receive additional benefit payments over and above any insured or guaranteed capital
Prospectus Directive	Directive No 2003/71/EC as amended which includes the amendments made by Directive No 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area)
Proteq	Proteq Levensverzekeringen N.V.
RC	Risk Committee of the Supervisory Board
Reaal Schadeverzekeringen	Reaal Schadeverzekeringen N.V.
Renewed Joint Statement	Joint statement signed by ten of the Participating Member States reaffirming their commitment, expressed in their joint statement issued in May 2014, to implement an EU FTT from 1 January 2016
Risk Function Report	An integrated report on all financial and non-financial risks with potential (material) financial impact
Risk Management System	The VIVAT risk management system
RSR	Regular Supervisory Reporting
SCR	Solvency capital requirement
Securities Act	United States Securities Act of 1933, as amended
SFCR	Solvency and Financial Condition Report
Solvency II	The new solvency framework and prudential regime consisting of a European Directive (No 2009/138/EC) to be implemented in Dutch law as per 1 January 2016, a European Regulation ((EU) No 2015/35) and a number of technical standards and guidelines issued by EIOPA
SRCM	Solvency Reporting Chain Management
SRLEV	SRLEV N.V.
Stabilising Manager	Deutsche Bank AG, London Branch or any person acting on behalf of the Stabilising Manager
State	The state of the Netherlands
Subscription Agreement	A subscription agreement to be entered into on or about the Closing Date, in which the Joint Lead Managers agree to subscribe or procure subscribers for the Notes
Subsidiary	A subsidiary within the meaning of Section 2:24a of the Dutch Civil Code
Supervisory Board	VIVAT's supervisory board (<i>raad van commissarissen</i>)
TARGET2 Settlement Day	Any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open
Temporary Global Note	A temporary global note representing the Notes
Terms and Conditions	The terms and conditions of the Notes
UFR	Ultimate forward rate
U.S.	United States of America
U.S. Internal Revenue Code	Internal Revenue Code of 1986, as amended
VA	Volatility adjustment

VIVAT	VIVAT N.V.
VIVAT Group	VIVAT and its subsidiaries within the meaning of Section 2:24b of the Dutch Civil Code
VIVAT Risk Committee	The VIVAT risk committee
Volksbank	Volksbank N.V. (formerly SNS Bank N.V.)
WGMC	New legislation that requires the mandatory notification of serious security breaches in the key ICT systems and provides rules on processing of personal data related to cyber security incidents (<i>Wet gegevensverwerking en meldplicht cybersecurity</i>)
WIB	<i>Wet internationale bijstandsverlening bij de heffing van belastingen</i>

**REGISTERED OFFICES OF
VIVAT N.V.**

*Burgemeester Rijnderslaan 7
1185 MD Amstelveen
the Netherlands*

AGENTS

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S.A.**

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CALCULATION AGENT

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BRANCH**

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FISCAL AGENT

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To the Joint Lead Managers

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LLP**

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