Offering Memorandum dated 23 September 2019

ACHMEA B.V.

(incorporated with limited liability in the Netherlands with its statutory seat in Zeist)

EUR500,000,000 Perpetual Restricted Tier 1 Temporary Write-Down Securities
Issue Price: 100 per cent.

The EUR500,000,000 Perpetual Restricted Tier 1 Temporary Write-Down Securities (the **Securities**) will be issued by Achmea B.V. (the **Issuer** or **Achmea**) on 24 September 2019 (the **Issue Date**) in the denomination of EUR200,000 and integral multiples of EUR1,000 up to (and including) EUR399,000 each. The Securities are unsecured and subordinated obligations of the Issuer. The terms and conditions of the Securities (the **Conditions**) are set out more fully in "*Terms and Conditions of the Securities – Status and Subordination of the Securities and Set-Off*".

The Securities are perpetual securities in respect of which there is no fixed maturity or redemption date. Holders of Securities have no right to require the Issuer to redeem or purchase the Securities at any time. The Issuer shall be entitled to redeem the Securities only in accordance with the provisions specified in "*Terms and Conditions of the Securities — Redemption and Purchase*". The Issuer shall have the right, provided that the Redemption and Purchase Conditions are met, to redeem the Securities, in whole but not in part, at any time from the First Call Date to and including the First Reset Date and on any Interest Payment Date thereafter as further specified in "*Terms and Conditions of the Securities — Redemption and Purchase*". In addition, the Issuer may (subject, that the Redemption and Purchase Conditions are met) redeem the Securities following a Ratings Methodology Event, a Regulatory Event, a Tax Deductibility Event, a Gross-Up Event or a Clean-up Call, as set out in "*Terms and Conditions of the Securities — Redemption and Purchase*".

Each Security will bear interest on its Prevailing Principal Amount (i) from (and including) the Issue Date to (but excluding) 24 September 2029 (the **First Reset Date**), at a fixed rate of 4.625 per cent. per annum payable semi-annually in arrear on 24 March and 24 September in each year, commencing on 24 March 2020 and (ii) from (and including) the First Reset Date, at a fixed rate of interest which will be reset on each Reset Date payable semi-annually in arrear on 24 March and 24 September in each year, commencing on 24 March 2030, as further specified in "*Terms and Conditions of the Securities — Interest*".

The Issuer may elect at any time to cancel (in whole or in part) any Interest Payment (as defined herein) otherwise scheduled to be paid on an Interest Payment Date and shall, save as otherwise permitted pursuant to the Conditions, cancel an Interest Payment upon the occurrence of a Mandatory Interest Cancellation Event (as defined herein) with respect to that Interest Payment. The cancellation of any Interest Payment shall not constitute a default or event of default for any purpose on the part of the Issuer. Any Interest Payment (or part thereof) which is cancelled in accordance with the Conditions shall not become due and payable in any circumstances.

Upon the occurrence of a Trigger Event (as defined herein), any interest which is accrued and unpaid up to (and including) the Write-Down Date (as defined herein) shall be automatically cancelled and the Issuer shall without the need for the consent of the Holders write-down the Securities by reducing the Prevailing Principal Amount (as defined herein). A Write-Down (as defined herein) of the Securities shall not constitute a default or an event of default in respect of the Securities or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever, and shall not entitle Holders to petition for the insolvency or dissolution of the Issuer or to take any other action. Following any reduction of the Prevailing Principal Amount, the Issuer may, at its discretion, increase the Prevailing Principal Amount of the Securities on any date and in any amount that it determines in its discretion (either to the Initial Principal Amount or to any lower amount) provided that several conditions are met, as set out in "*Terms and Conditions of the Securities – Discretionary Reinstatement*".

The Conditions do not contain events of default.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the approval of this offering memorandum (the **Offering Memorandum**) as Listing Particulars (**Listing Particulars**). Application has been made to Euronext Dublin for the Securities to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or under any securities law of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws.

The Securities are expected to be rated BB+ by S&P Global Ratings Europe Limited (**S&P**) and BBB- by Fitch Ratings Limited (**Fitch**). As at the date of this Offering Memorandum, each of S&P and Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009, on credit rating agencies, as amended by Regulation (EU) No. 513/2011 (the **CRA Regulation**). As such, each of S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time without notice.

Amounts payable under the Securities are calculated by reference to the mid-swap rate for euro swaps with a term of 5 years which appears on the Reuters screen “ICESWAP2” as of 11:00 a.m. (Central European time) on such Reset Rate Interest Determination Date (as defined in the Conditions) which is provided by ICE Benchmark Administration Limited or by reference to EURIBOR, which is provided by the European Money Markets Institute. As at the date of this Offering Memorandum, each of ICE Benchmark Administration Limited and the European Money Markets Institute appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011).

An investment in the Securities involves certain risks. Potential investors should review all the information contained or incorporated by reference in this document and, in particular, the information set out in the section entitled "*Risk Factors*" before making a decision to invest in the Securities.

Structuring Advisor

Deutsche Bank

Joint Global Coordinators

Deutsche Bank	**HSBC**

Joint Lead Managers

Barclays	**BNP Paribas**
Deutsche Bank	**HSBC**
NatWest Markets	**Rabobank**
UniCredit	

This Offering Memorandum has been prepared for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the ***Group****) and the Securities which, according to the particular nature of the Issuer and the Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge of the Issuer (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.

Certain information contained in this Offering Memorandum and/or documents incorporated herein by reference has been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading. The Issuer has also identified the source(s) of such information.

This Offering Memorandum is to be read in conjunction with any supplement, that may be published between the date of this Offering Memorandum and the date of listing of the Securities on the Official List and admission to trading of the Securities on the regulated market of Euronext Dublin, and all documents which are incorporated herein by reference (see the section entitled "Documents Incorporated by Reference"). This Offering Memorandum shall be read and construed on the basis that such documents are incorporated in, and form part of, this Offering Memorandum.

The Joint Lead Managers (as defined in the section entitled "Subscription and Sale", herein 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 any of the information contained or incorporated by reference in this Offering Memorandum or any other information provided by the Issuer in connection with the issue and sale of the Securities.*

In connection with the issue and sale of the Securities, no person is or has been authorised by the Issuer or the Joint Lead Managers to give any information or to make any representation not contained in or not consistent with this Offering Memorandum and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither the delivery of this Offering Memorandum nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that there has been no change in the affairs of the Issuer or those of the Group since the date hereof or the date upon which this Offering Memorandum has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or that of the Group since the date hereof or the date upon which this Offering Memorandum has been most recently supplemented or that any other information supplied in connection with the issue and sale of the Securities is correct as of any time subsequent to the date indicated in the document containing the same.

Neither this Offering Memorandum nor any other information supplied in connection with the issue and sale of the Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Offering Memorandum or any other information supplied in connection with the issue and sale of the Securities should purchase any Securities. Neither this Offering Memorandum nor any *other information supplied in connection with the issue and sale of the Securities constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Securities.*

In making an investment decision regarding the Securities, prospective investors should rely on their own independent investigation and appraisal of (a) the Issuer, the Group, their business, their financial condition and affairs and (b) the terms of the offering, including the merits and risks involved. The content of this Offering Memorandum is not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Securities and the suitability of investing in the Securities in light of its particular circumstances. The Joint Lead Managers do not undertake to review the financial condition or affairs of the Issuer or the Group after the date of this Offering Memorandum or to advise any investor or potential investor in the Securities of any information coming to the attention of the Joint Lead Managers. Potential investors should, in particular, read carefully the section entitled "Risk Factors" set out below and the documents incorporated by reference into this Offering Memorandum before making a decision to invest in the Securities.

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.

RESTRICTIONS ON MARKETING AND SALES

Prohibition on marketing and sales of Securities to retail investors

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

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Securities.

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

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

1. *it is not a retail client (as defined in MiFID II);*

2. *whether or not it is subject to the Regulations, it will not:*

   (A) *sell or offer the Securities (or any beneficial interest therein) to retail clients in the EEA (as defined in MiFID II); or*

   (B) *communicate (including the distribution of this Offering Memorandum) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the MiFID II). In selling or offering Securities or making or approving communications relating to the Securities, it may not rely on the limited exceptions set out in the PI Instrument; and*

3. *if it is a person in Hong Kong, it is a "professional investor" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; and*

4. *it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Securities (and any beneficial interest therein), including (without limitation) the Regulations and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interest therein) by investors in any relevant jurisdiction.*

It will further acknowledge that:

(i) *the identified target market for the Securities (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients; and*

(ii) *no key information document (KID) under PRIIPs has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under PRIIPs.*

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

PRIIPs Regulation / Prospectus Regulation / Prohibition on Marketing and Sales to Retail Investors

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor. 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 the IDD, where that customer would not qualify as a professional client as defined in point (1) of Article 4(1) of MiFID II. Consequently no key information document required by PRIIPs for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs.

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

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Securities 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 Securities may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Offering Memorandum may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which would permit a public offering of any Securities or distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and none of this Offering Memorandum, 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 Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Memorandum and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Offering Memorandum and the offer or sale of Securities in the United States, Singapore, Hong Kong, the United Kingdom, France and Italy; see the section entitled "Subscription and Sale".

This Offering Memorandum is being provided for informational use solely in connection with the consideration of a purchase of the Securities to qualified purchasers in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorised. This Offering Memorandum may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone other than the prospective investors to whom it is being provided.

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to ***€****,* ***Euro****,* ***EUR*** *or* ***euro*** *are to the single currency of the participating member states of the European Economic and Monetary Union which was introduced on 1 January 1999.*

In connection with the issue of the Securities, Deutsche Bank AG, London Branch (herein referred to as the ***Stabilising Manager****, (or persons acting on behalf of the Stabilising Manager)), may over-allot or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail but in doing so the Stabilising Manager shall act as principal and not as agent of the Issuer. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the issue date of the Securities and sixty (60) calendar days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on its behalf) in accordance with all applicable laws and rules.*

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RISK FACTORS

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

All of these risk factors and events are contingencies which may or may not occur. The Group may face a number of these risks described below simultaneously and one or more risks described below may be interdependent. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the business, revenues, prospects, results and financial condition of the Group, which could result in an inability of the Issuer to pay interest and/or principal and could negatively affect the price of the Securities.

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, although the Group believes that the risks and uncertainties described below are the material risks and uncertainties concerning the Group's business and the Securities, they are not the only risks and uncertainties relating to the Group and the Securities. Other risks, events, facts or circumstances not presently known to the Group, or that the Group currently deems to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on the Group's business, revenues, prospects, results and financial condition. The value of the Securities could decline as a result of the occurrence of any such risks, events, facts or circumstances or as a result of the events, facts, or circumstances described in these risk factors, and investors could lose part or all of their investment.

Prospective investors should carefully read the detailed information set out elsewhere in this Offering Memorandum and incorporated by reference herein and form their own views prior to making an investment decision. Before making an investment decision with respect to any Securities, prospective investors should also consult their own stockbroker, bank manager, lawyer, accountant, auditor or other financial, legal and/or tax advisers and carefully review the risks associated with an investment in the Securities and consider such an investment decision in light of their personal circumstances.

Each prospective investor in the Securities must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Securities 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 Securities.

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

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

RISK FACTORS RELATING TO THE ISSUER

Risks relating to the Group's Business

General Economic and Market Conditions

Because the Issuer is an integrated financial services company conducting business on a worldwide basis, the revenues and earnings of the Issuer are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which the Issuer conducts business and changes in such factors may adversely affect the profitability of its insurance, banking and asset management business

Factors such as interest rates, exchange rates, consumer spending, business investment, government spending, the volatility and strength of the capital markets, and terrorism all impact the business and economic environment and, ultimately, the amount and profitability of business the Issuer conducts in a specific geographic region. For example, in an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, lower business investment and consumer spending, the demand for banking and insurance products would be adversely affected and the Issuer's reserves and provisions would likely increase, resulting in lower earnings. Similarly, a downturn in the equity markets could cause a reduction in commission income the Issuer earns from managing portfolios for third parties, as well as income generated from its own proprietary portfolios, each of which is generally tied to the performance and value of such portfolios. The Issuer also offers a number of insurance and financial products that expose the Issuer to risks associated with fluctuations in interest rates, securities prices or the value of real estate assets. In addition, a mismatch of interest-earning assets and interest-bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial condition or result from operations of the businesses of the Issuer.

In addition, despite recent improvements in the financial position of many European countries, the peripheral European financial system continues to be weak and could deteriorate further and there remains a risk that financial difficulties may result in certain European countries exiting the Eurozone. Similarly, on 23 June 2016 the United Kingdom (the **UK**), in a referendum, voted to leave the European Union (the **EU**) and the UK Government invoked Article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under Article 50, the Treaty on the EU and the Treaty on the Functioning of the EU cease to apply in the relevant state from the date of entry into force of a withdrawal agreement or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances.

Following the UK government's decision to invoke Article 50 on 29 March 2017, it was expected that the UK would leave the EU in March 2019. However, on 19 March 2019, it was announced that a transition period was agreed that will last from 29 March 2019 to 31 December 2020. During this period, EU laws shall generally still be applicable to and in the UK. Negotiations relating to the terms of the UK's relationship with the EU now will extend beyond the two-year period set forth in Article 50, which may create additional volatility in the markets and have an adverse impact on the Group's prospects, financial condition and results of operations. The chances that there will be a 'hard' Brexit are increasing as time is passing. Until the terms and timing of the UK's exit from the EU are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the EU and/or any related matters may have on the business of the Group. If there will be a 'hard' Brexit, the uncertainties are even bigger. Currently, the UK government and the remaining EU countries have decided to postpone the departure of the UK until 31 October 2019. The Group could be adversely affected in a number of ways including through exposure to fluctuations in the equity, fixed income and property markets which could result in a material adverse effect on its returns on invested assets and the value of its investment portfolio or its solvency position. See also "*Because the Issuer and its* *subsidiaries are exposed to fluctuations in the equity, fixed income and property markets, it could result in a material adverse effect on its returns on invested assets, and the value of its investment portfolio, or its solvency position*". In addition, it is unclear at this stage what the consequences of the UK's departure from the EU will ultimately be for the Issuer or the trading price of the Securities.

On 15 July 2016, the Turkish government was subject to an attempted coup by a group within the Turkish army. The Turkish government and the Turkish security forces (including the Turkish army) took control of the situation in a short period of time and the ruling government remained in control. On 16 April 2017, a constitutional referendum was held throughout Turkey and a new draft of the constitution that increases the power of Turkish president Erdogan was approved by the Turkish voters. Early 2019, general elections have been held but the outcome was subsequently not acknowledged by all parties and a recount was announced. At this stage, the outcome and political consequences are unknown. Although the Issuer's operations in Turkey have not been materially affected by the coup, the 2019 elections and/or the referendum, the impact on political and social circumstances following the attempted coup and the referendum and the aftermath thereof, including developments in the political relationship between Turkey and the Netherlands, could result in a further increase in volatility in the currency market and/or could have a material effect on the financial condition or result from operations of the business of the Issuer in Turkey.

The hedging programmes of the Issuer and/or any of its subsidiaries may prove inadequate or ineffective for the risks they address, which could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects

The Issuer and its subsidiaries employ hedging programmes with the objective of mitigating risks inherent in its business and operations. These risks include current or future changes in the fair value of the assets and liabilities of the Issuer and/or any of its subsidiaries, current or future changes in cash flows, the effect of interest rates, equity markets and credit spread changes, the occurrence of credit defaults, and currency exchange fluctuations. As part of its risk management strategy, the Issuer and its subsidiaries employ hedging programmes to control these risks by entering into derivative financial instruments, such as swaps, options, futures and forward contracts.

Developing an effective strategy for dealing with the risks described above is complex, and no strategy can completely protect the Issuer and its subsidiaries from such risks. Each of the hedging programmes of the Issuer and its subsidiaries is based on financial market and customer behaviour models using, amongst others, statistics, observed historical market and customer behaviour, underlying fund performance, insurance policy terms and conditions, and the own judgment, expertise and experience of the Issuer and/or its subsidiaries. These models are complex and may not identify all exposures, may not accurately estimate the magnitude of identified exposures, or may not accurately determine the effectiveness of the hedge instruments, or fail to update hedge positions quickly enough to effectively respond to market movements. Furthermore, the effectiveness of these models depends on information regarding markets, customers, fund values, the insurance portfolio of the Issuer and/or its subsidiaries and other matters, each of which may not always be accurate, complete, up-to-date or properly evaluated. Hedging programmes also involve transaction and other costs, and if the Issuer and/or its subsidiaries terminate a hedging arrangement, it may be required to pay additional costs, such as transaction fees or breakage costs. The Issuer and/or its subsidiaries may incur losses on transactions after taking into account hedging strategies. Although the Issuer and its subsidiaries have developed policies and procedures to identify, monitor and manage risks associated with these hedging programmes, the hedging programmes may not be effective in mitigating the risk that they are intended to hedge, particularly during periods of financial market volatility.

Furthermore, the derivative counterparty in a hedging transaction may default on its obligations. Although it is the policy of the Issuer and its subsidiaries to fully collateralise derivative contracts, and differences in market value of the collateral are settled between the relevant parties on a daily basis, it is still exposed to counterparty risk. For instance, the Issuer and its subsidiaries are dependent on third parties for the daily calculation of the market values of the derivative collateral. If these third parties (mostly large institutions) miscalculate the collateral required and the counterparty fails to fulfil its obligations under the derivative contract, it could result in unexpected losses, which could have a material adverse effect on the business, revenues, results of operations and financial condition of the Issuer. The inability to manage risks of the Issuer and/or its subsidiaries successfully through derivatives (including a single counterparty's default and the systemic risk that a default is transmitted from counterparty to counterparty) could have a material adverse effect on the Issuer's business, revenues, results of operations, financial condition and prospects.

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

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

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

The risks from interest rate developments are, amongst other things, a result of the ultimate forward rate (the **UFR**) which is 3.90 per cent. Currently, since under Solvency II life liabilities are discounted with a curve including the UFR. In current market conditions, the application of the UFR results in an increase of interest rates used for the Solvency II valuation of the technical provisions for maturities of 20 years or longer. Application of the UFR makes the valuation of the technical provisions less sensitive to interest movements. The UFR is set by the European Insurance and Occupational Pensions Authority (**EIOPA**) which may take into account, among other factors, interest rates, which are at a historically low level, and inflation. EIOPA evaluated the level of the UFR for insurance companies and set out a methodology for the use of a more dynamic UFR which would result in a decreasing UFR for the coming years. A lower level of UFR used in the calculation of the Solvency II regime would result in higher valuation of the insurance liabilities and lower own funds, which may in turn materially and adversely affect the Group's business, revenue, results and financial condition. For example, based on management estimates as at 31 December 2018, no longer applying the UFR would be expected to result in a negative impact of 65 percentage points on the Group's Solvency II ratio. If the Group is not able to adequately comply with the Solvency II requirements, this could have a material adverse effect on its business, solvency, results and financial condition.

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

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

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

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

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

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

Default Risk and Concentration Risk related to mortgage loans and related products

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

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

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The period allowed for this is restricted to a term of 30 years. Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called additional borrowing regulation (*Bijleenregeling*). On the basis of this regulation, if a home owner acquires a new home and realises a surplus value on the sale of his old home in respect of which interest payments were deducted from taxable income, the interest deductibility is limited to the interest that relates to an amount equal to the purchase price of the new home less the net surplus value realised in the sale of the old home. Special rules apply to moving home owners that do not or cannot (immediately) sell their previous home.

As of 1 January 2013, interest deductibility in respect of mortgage loans originated after 1 January 2013 is restricted and is only available in respect of mortgage loans which amortise over 30 years or less and are repaid on at least an annuity basis.

In addition to these changes further restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers in the highest income tax rate bracket the maximum rate at which interest deduction takes place is 49%. In September 2018 the Dutch government published its 2019 budget, which included several changes to the tax system. From 2021 only 2 brackets with regard to income tax remain in place, 37.05% and 49.5%. An additional lower bracket of 19.15% will apply to individuals who have reached the state pension age. The mortgage interest deduction will decrease by 3%-point per year until a level of 37.05% is reached for each tax payer. This is expected to be achieved in 2023. At the date of this Offering Memorandum, it is not clear if, when and how these changes will be implemented and what the impact will be on the housing market and other factors relevant in relation to the mortgage loans.

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of borrowers to pay interest and principal on their mortgage loans. In addition, changes in tax treatment may lead to different prepayment behaviour by borrowers on their (savings) mortgage loans resulting in higher or lower prepayment rates of such mortgage loans. This behaviour might also have an impact on the savings-linked products originated by the Group which are linked to savings mortgages. Finally, changes in tax treatment may have an adverse effect on the value of the mortgaged assets.

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

As at 31 December 2018, the Group's mortgage loan portfolio amounted to €7,481 million (excluding Achmea Bank N.V.). The table below shows the loans to value (the **LTV**) ratio expressed as the ratio of a loan to the value of an asset purchased (collateral indexed) of the mortgage portfolio of the Group at 31 December 2018. The higher the ratio, the riskier the loan is for the Group.

(UNAUDITED) LOANS TO VALUE (€ MILLION)	**2018**	**2017**
< 80%	4,380	2,218
80% - 100%	2,563	4,354
> 100%	537	678
Total	**7,481**	**7,250**

(Source: Solvency Financial and Condition Report Achmea B.V. 2018)

As at 31 December 2018, Achmea Bank N.V.'s regular mortgage loan portfolio amounted to €9,8 billion. Furthermore, on 21 March 2019 Achmea Bank N.V. has announced the acquisition of part of a.s.r. bank (see also "*Recent developments – Achmea acquires part of the banking operations of a.s.r. bank (a.s.r.)*)".

The mortgage portfolio of the Group consists of mortgages with a low risk profile (in the Netherlands mortgages with National Mortgage Guarantee (NHG) provided by the government), securitised mortgages with an average risk profile (all other mortgage receivables and purchased own bonds) and mortgages with a high risk profile (all other mortgage receivables with a credit above 75% of the foreclosure sale value). The credit risk for mortgages is managed by applying an acceptance policy aimed at optimisation of the risk profile of the portfolio and subsequently monitoring interest and repayments and other risk indicators. However, the Group is exposed to the risk of default by borrowers under these mortgage loans. Borrowers may default on their obligations due to bankruptcy, lack of liquidity, downturns in the economy generally or declines in real estate prices, operational failure, fraud or other reasons. The value of the secured property in respect of these mortgage loans is exposed to decreases in real estate prices, arising for instance from downturns in the economy generally, oversupply of properties in the market, and changes in tax regulations related to housing (such as the decrease in the deductibility of interest on mortgage payments). Furthermore, the value of the secured property in respect of these mortgage loans is exposed to destruction and damage resulting from floods and other natural and man-made disasters. Damage or destruction of the secured property also increases the risk of default by the borrower. For the Group, all of these exposures are concentrated in the Netherlands because the mortgage loans have been advanced, and are secured by commercial and residential property, in the Netherlands.

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

Because the Group is exposed to counterparty default risk in relation to its savings-linked product portfolio, changes in relation to these counterparties or changes in the valuation method applicable to this portfolio under Solvency II may have an adverse effect on the Group's solvency position

The Group's savings-linked product portfolio includes both contracts linked to mortgages originated by the Group, as well as contracts linked to mortgages originated by third parties. For savings-linked products linked to mortgages originated by third parties (and not transferred to the Group), the mortgage loan is not reflected on the Group's balance sheet. The mortgage savings are mainly recognised as "Other Investments" on the Economic Balance Sheet under Solvency II of Achmea Pensioen- en Levensverzekeringen N.V., for which it has an exposure to Counterparty Default Risk.

At the end of December 2018, Achmea Pensioen- en Levensverzekeringen N.V. entered into a transaction with Coöperatieve Rabobank U.A. (**Rabobank**) which aims to remove the possible systemic risk, related to Counterparty Default Risk. For the mortgage saving insurance products, Achmea Pensioen- en Levensverzekeringen N.V. and Rabobank agreed on so-called cession/retrocession and subparticipation contracts.

(UNAUDITED) OTHER INVESTMENTS (€ MILLION)	31-12-2018	31-12-2017
Mortgage savings Achmea Bank N.V.	900	784
Mortgage savings Coöperatieve Rabobank U.A.	9,021	2,353
Mortgage savings ABN AMRO Bank N.V.	3	3
Other	672	0
Total other investments	**10,597**	**3,139**

(Source: Solvency Financial and Condition Report Achmea B.V. 2018)

The Issuer classifies all savings related to mortgage products under Balance Sheet item "Other investments". In 2018, investment funds which did not meet the criteria of the UCITS framework were reclassified to Other investments for an amount of €727 million. The "saving" line items comprise the saving sections on the Balance Sheet related to "mortgage saving insurance products". Due to legislation these products are not issued anymore. The amounts presented are linked with the technical provision part. The nominal cash flows of the assets and liabilities are off setting each other.

These transactions have an impact on the valuation of the savings deposits of these products and the related capital requirements. The valuation and the subsequent treatment of mortgage saving insurance products within the capital requirement is subject to an ongoing discussion at national level between insurers and the national supervisor. This should come to a conclusion in 2019. For the financial year 2018, Achmea Pensioen- en Levensverzekeringen N.V. is of the opinion that, after the completion of the transactions with Rabobank, no capital gain/loss should be recognised for this product. As such, the valuation method and specifically the parameters are determined. The savings deposits have been discounted using the same discount rate as applied to discount the insurance liabilities.

The Group tries to limit its default risk to these counterparties through various measures. However, if these measures do not sufficiently mitigate such risk, if the impact of default born by policyholders shifts to the Group or if the Group needs to apply another valuation of these mortgage savings under Solvency II, this might have an adverse effect on the solvency ratio of the Group.

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

Credit risk refers to the potential losses incurred by the Issuer as a result of debtors not being able to fulfil their obligations when due, or a perceived increased likelihood thereof. Losses incurred due to credit risk include actual losses from defaults, market value losses due to credit rating downgrades and/or spread widening, or impairments and write-downs. The Issuer is exposed to various types of general credit risk, including spread risk, default risk and concentration risk. Third parties that owe the Issuer 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 Issuer, 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 Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

The business of the Issuer is also subject to risks that have their impact on the adequacy of its credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations to the Issuer 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 Issuer to determine its credit provisions, these provisions could be inadequate.

The Issuer is also exposed to concentration risk, which is the risk of default by counterparties or investments in which it has taken large positions. A single default of a large exposure could therefore lead to a significant loss for the Issuer.

Because the Issuer and its subsidiaries are exposed to counterparty risk through its subsidiaries in relation to other financial institutions, deteriorations in the financial soundness of other financial institutions may have a material adverse effect on the Issuer's and its subsidiaries' business, revenues, results and financial condition

Due to the nature of the global financial system, financial institutions, such as the Issuer and the subsidiaries of the Issuer, are interdependent as a result of trading, counterparty and other relationships. Other financial institutions with whom the Issuer or its subsidiaries conducts business act as counterparties to the Issuer or its subsidiaries in such capacities as borrowers under loans, issuers of securities, customers, banks, reinsurance companies, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other financial intermediaries. In any of these capacities, a financial institution acting as a counterparty may not perform its obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security it provides may prove inadequate to cover their obligations at the time of the default. The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution due to disruptions in the financial markets could materially disrupt securities markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by counterparties that could materially adversely affect the Issuer or its subsidiaries. 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 Issuer and its subsidiaries believe 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 Issuer and its subsidiaries operate and dislocations caused by the interdependency of financial market participants could have a material adverse effect on its business, revenues, results and financial condition.

Because the Issuer is exposed to failures in risk management systems, this could have a significant impact on the financial condition of the Issuer

The Issuer invests substantial time and effort in its strategies and procedures for managing not only credit and concentration risk, but also other risks, such as strategic risk, market risk, liquidity risk, operational risk and conduct of business risk. These strategies and procedures could nonetheless fail or not be fully effective under some circumstances, particularly if the Issuer is confronted with risks that it has not fully or adequately identified or anticipated. Some of the methods of the Issuer for managing risk are based upon observations of historical market behaviour. Statistical techniques are applied to these observations in order to arrive at quantifications of some of the risk exposures of the Issuer. These statistical methods may not accurately quantify the risk exposure of the Issuer if circumstances arise which were not observed in its historical data. For example, as the Issuer through its subsidiaries offers new products or services, the historical data may be incomplete or not accurate for such new insurance products or services. As the Issuer gains more experience it may need to make additional provisions. If circumstances arise which the Issuer did not identify, anticipate or correctly evaluate during the development of its statistical models, its losses could be greater than the maximum losses initially envisaged. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risk prove insufficient, the Issuer may experience unanticipated losses.

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

The Group's life insurance business is shrinking and in recent years the Group has reduced its product offerings in respect of life insurance. The 'Pension & Life' value chain is the Group's service organisation for existing customers with pensions or life insurance policies. Since the establishment of the Centraal Beheer General Pension Fund (the **APF**) in 2016, the Pension & Life service organisation has mainly managed a closed-book portfolio containing group pension contracts and traditional savings and life insurance products. For the closed-book portfolio the focus is on maintaining a stable and high result with positive capital generation and retaining a high level of customer satisfaction. Within the open-book portfolio, the Group offers term life insurance policies and individual annuities and pensions. These insurance solutions are part of the Group's proposition for retirement services.

More generally, sales of life insurance products in the Netherlands have declined significantly since 2008; the total market for life insurance products decreased from €26.4 billion gross written premiums (**GWP**) in 2008 to €17.5 billion in 2014 (*source: the Dutch Central Bank (De Nederlandsche Bank)*, **DNB**). When stock markets began to decline commencing in 2006, unit-linked products became less attractive due to their lower returns for policyholders. These lower returns triggered a discussion on costs and cost transparency issues and resulted in negative publicity and litigation. See also "*Description of the Issuer—Litigation*". This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition. In its sector-wide investigation report of 2008, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) estimated that in the Netherlands, in total, up to and including 2005, approximately 7.2 million individual unit-linked retail policies had been sold, while volumes of such policies sold decreased rapidly thereafter due to the negative publicity associated with them. Legislative changes introduced in 2008 have enabled banks to offer bank annuity products that compete with life insurance products and benefit from the same tax efficiency as mortgage or pension-related Individual life insurance products. Since 2013, the sale of new bank annuity products has started to decline due to the fact that mortgage products are now mainly linear or annuity mortgage products, limiting the need for bank savings products. Further declines in such sales volumes, in particular if the Group is unable to reduce costs in line with any such decline in life insurance portfolios, including by increasing the share of variable expenses while lowering fixed costs, or to maintain the retention rate of existing customers, could lead to a further decline of its life insurance portfolio and have a material adverse effect on the Group's business, solvency condition, revenues, results and financial condition.

Because the Issuer operates in highly competitive markets, including in its home market, the Issuer may not be able to further increase, or even maintain, its market share, which may have an adverse effect on its results of operations

There is substantial competition in the Netherlands and the other countries in which the Issuer does business for the types of insurance and other products and services the Issuer provides. Customer loyalty and retention can be influenced by a number of factors, including relative service levels, the prices and attributes of products and services, and actions taken by competitors. If the Issuer is not able to match or compete with the products and services offered by its competitors, it could adversely impact its ability to maintain or further increase its market share, which would adversely affect its results of operations. Such competition is most pronounced in its more mature markets of the Netherlands and Greece. However, in recent years competition in emerging markets, such as Central and Eastern Europe, has also increased as large insurance and banking industry participants from more developed countries have sought to establish themselves in markets which are perceived to offer higher growth potential, and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships with its competitors.

Based on geographic division of its operating profit, the Netherlands is the Issuer's largest market for its operations. Increasing competition in this or any of its other markets may significantly impact the results if the Issuer is unable to match the products and services offered by its competitors.

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

The Group targets retail customers, businesses and collectivities, primarily for non-life products, health insurance and income protection, along with retirement services and other (supplementary) services through the direct (online), broker and banking channels and distribution via Rabobank, as well as focusing on further digitisation. Rabobank offices are a major distribution channel for the Group's Dutch insurance products.

Customers decide how they wish to communicate with each business within the Group: personally, digitally or by mobile phone. The Group is expanding its activities to include retirement services, asset management and international activities. New challenges in customer interaction often come from outside the insurance sector. Customers, justifiably, have ever-increasing expectations. For this reason, the Group increasingly offers more personalised interaction, including the option to switch their desired communication method between channels or devices with ease. Personalised online (robot) advice and automated services are part of this. Emphasis is increasingly placed here on prudent management, especially in dealing with customers' personal data.

The Group's international value chain is growing through the use of its knowledge and experience of non-life and health insurance products distributed through direct (online) and banking channels. For example, this applies to Turkey, Greece, Slovakia, and Australia, as well as through a partnership in Canada by using the InShared platform. Where it reinforces the Group's position, the Group works internationally with strategic partners, such as Rabobank in the Netherlands and Australia and Garanti Bank in Turkey to expand its customer reach.

Developing technologies are accelerating the introduction and prevalence of alternative distribution channels, particularly the internet and mobile phones. Such alternative distribution channels may also increase the possibility that new competitors whose competencies include the development and use of these alternative distribution channels may enter the markets in which the Group operates. For instance, relative to more traditional distribution channels, the sale and distribution of non-life insurance products through comparative price websites has increased. It is possible that the Group may experience a similar trend in relation to the sale and distribution of life insurance products. Although the Group has strategies in place to benefit from such alternative distribution channels, including through InShared, it may not be able to obtain or maintain a competitive share of these distribution channels and its overall market share and competitive position may decrease as a result. Moreover, the Group is not able to accurately predict the extent to which such alternative distribution channels will replace or otherwise impact traditional distribution channels, or what effect this may have on the Group's business.

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

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

Market Risks Relating to the Group's Business

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

The Group's investment management and related activities include, among other things, portfolio management, investment advice, fund administration and fiduciary services. In order to be competitive, the Group must properly perform its administrative, asset management and related responsibilities, including record keeping, accounting, valuation, corporate actions, compliance with investment guidelines and restrictions, daily net asset value computations, account reconciliations, use of derivatives for hedging and required distributions to fund shareholders. Furthermore, investments on behalf of policyholders and investments in relation to a number of pension contracts are managed by external asset managers. Failure by the Group to properly perform and monitor its investment management operations could lead to, among others, investments being made in breach of the mandates given by customers, poor investment decisions and poor asset allocation, the wrong investments being bought or sold or the incorrect monitoring of exposures as well as possible erosion of the Group's reputation or liability to pay compensation, existing customers withdrawing funds and potential customers not granting investment mandates, which could lead to a decrease in fee income. If the Group is able to grow its asset management business at the rate it currently intends, its exposure to these risks, and therefore also the risk of reputational damage and third-party claims, may increase. Any such failure could have a material adverse effect on the Group's business, revenues, results and financial condition.

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

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

In 2018, the AuM of the Group increased to €129 billion (2017: €120 billion). The growth in AuM is the result of the net inflow into the Centraal Beheer APF and positive market developments. Furthermore, agreement was reached with the Stichting Pensioenfonds Huisartsen (GP Pension Fund) in 2017. Additionally, the AuM of the Group in real estate holdings and mortgages increased to €21.5 billion in 2018 (2017: €19.7 billion). This increase is due to the new mandates for institutional investors and higher valuation of existing portfolios. When buying investment products or selecting an investment manager, customers (including pension funds and intermediaries) typically consider, among others, the historic investment performance of the product and management of the particular fund. This also holds true in relation to certain investment products sold by the Group's life insurance and pension businesses. In the event that the Group does not provide satisfactory or appropriate investment returns, underperforms in relation to its competitors, does not sell an investment product which a customer requires or loses its key investment managers, existing customers may decide to reduce or liquidate their investment or, alternatively, transfer their mandates to another investment manager impacting the investment fees of the Group. In addition, potential customers may decide not to grant investment mandates. Any of these developments, if they materialise, could have a material adverse effect on the Group's business, revenues, results and financial condition.

Because the Issuer and its subsidiaries are exposed to fluctuations in the equity, fixed income and property markets, it could result in a material adverse effect on its returns on invested assets and the value of its investment portfolio or its solvency position

The returns on the investments from the Issuer through its subsidiaries are highly susceptible to fluctuations in equity, fixed income and property markets. The Issuer through its subsidiaries bears all the risk associated with its own investments. Fluctuations in the equity, fixed income and property markets affect the Issuer's profitability, capital position and sales of equity related products. A decline in any of these markets will lead to a reduction of unrealised gains in the asset or result in unrealised losses and could result in impairments. Any decline in the market values of these assets reduces the Issuer's solvency, which could materially adversely impact the Issuer's financial condition and the Issuer's ability to attract or conduct new business. The value of the Issuer's own risk fixed income portfolio could be affected by changes in the credit rating of the issuer of the securities as well as by liquidity generally in the bond markets. When the credit rating of the issuer of the debt securities falls, the value of the fixed income security may also decline. In addition, some of the Issuer's or its subsidiaries fixed income securities are classified as financial assets at fair value through profit or loss and, as a result, any decline in the market value of these fixed income securities is reflected as a loss in the period during which it occurred, even if the Issuer has not sold the securities but kept them in its portfolio. A decrease in the long-term interest rate primarily adversely affects the values of the Issuer through its subsidiaries' liabilities under traditional life contracts, as liabilities are discounted using market interest rates for supervisory reporting and/or (for a small part) financial reporting. This negative effect is partly offset by the simultaneous increase in the market value of fixed income assets. The net effect on the net asset value/surplus depends on the duration and volume matching of assets and liabilities as well as derivatives. 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 Issuer thought its subsidiaries may continue to decrease, unlike the liabilities. As the Issuer has to maintain a minimum level of technical provisions for its liabilities pursuant to Capital Adequacy Regulations, there could be a gap between the interest rate sensitivity of the Issuer's liabilities and the interest rate sensitivity of the Issuer's assets, which may be difficult to hedge effectively. 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 Issuer may continue to decrease, whereas the minimum level of regulatory required capital may increase. As the Issuer anticipates it has to maintain a minimum level of capital in the future as prescribed by future applicable Capital Adequacy Regulations, there could be an interest rate sensitivity of net assets over the regulatory minimum capital requirement which may be difficult to hedge effectively.

The value of the Issuer's or its subsidiaries property portfolio is subject to risks related to, amongst others, occupancy levels, rent levels, consumer spending, prices of properties and interest rates. An economic downturn could result in the property market facing worsening commercial property occupancy levels and low consumer spending on residential property, which, in turn, could reduce returns on property investments. Occupancy levels could drop if the Issuer does not properly manage the contractual provisions governing the leases related to the properties. For instance, short-term contracts or provisions entitling customers to terminate contracts early could reduce occupancy. Since the second half of 2013, house prices in the Netherlands have, on average (noting regional differences in the rate of change), increased substantially. However, an economic downturn could also result in a decline in the market values of residential and commercial properties as a result of reluctance in the market to buy further property or to invest in new building projects. Any decline in the market values of its property investments could have a material adverse effect on the Issuer's business, revenues, results and financial condition. The Issuer through its subsidiaries is exposed not only in respect of its own capital invested in equities, fixed income assets and property, but also in respect of its liabilities to policyholders in respect of the funds of policyholders and other customers invested in equities, fixed income assets and property under life insurance contracts such as unit-linked products and investment contracts. Many of the Issuer's life insurance products sold by its subsidiaries guarantee a minimum investment return or minimum accumulation at maturity to the policyholder. In the event that the decline in value of the invested assets is greater than the decline in liabilities associated with the guaranteed benefits, the Issuer must increase its provisions formed for the purpose of funding these future guaranteed benefits, which will result in an adverse impact on the Issuer's results. In addition, the Issuer's revenues from unit-linked products (including those without minimum guarantees) and investment contracts depend on fees paid by the customer. Because those fees are generally assessed as a percentage of AuM, they vary directly with the market value of such assets. Therefore a general decline in financial markets, including in particular equity markets, will reduce the Issuer's revenues under these contracts.

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

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

The following subsidiaries are the only operating companies of the Issuer with a financial strength rating:

- Achmea Schadeverzekeringen N.V. has an A rating from S&P for the financial strength rating with a stable outlook and an A+ rating from Fitch for the insurer financial strength rating with a stable outlook;

- Achmea Zorgverzekeringen N.V. has an A rating from S&P for the financial strength rating with a stable outlook and an A+ rating from Fitch for the insurer financial strength rating with a stable outlook;

- Achmea Pensioen & Levensverzekeringen N.V. has an A rating from S&P for the financial strength rating with a stable outlook and an A+ rating from Fitch for the insurer financial strength rating with a stable outlook;

- Achmea Reinsurance Company N.V. has an A- rating from S&P for the financial strength rating with a stable outlook; and

- Achmea Bank N.V. has a long-term counterparty credit rating of A- with a stable outlook and its short-term counterparty credit rating is A-2, with a stable outlook from S&P. Fitch has assigned an "A"/Stable/F-1 rating.

The Issuer has an issuer credit rating of BBB+ as of 25 July 2016 with a stable outlook as of 11 April 2019 from S&P and an issuer default rating of A with a stable outlook from Fitch, reflecting the structural subordination of holding company creditors to operating company policyholders.

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

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

Insurance Risks Relating to the Group's Business

Because life, non-life, health insurance and reinsurance businesses of the Issuer are subject to losses from unforeseeable and/or catastrophic events, which are inherently unpredictable, the actual claims amount of the Issuer may exceed the established reserves or the Issuer may experience an abrupt interruption of activities, each of which could result in lower net profits and have an adverse effect on its results of operations

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

The Issuer could be exposed to catastrophic events, terrorist attacks and similar events which could have a negative impact on the business and results of the Issuer

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto may create economic and political uncertainties, which could have a negative impact on the economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of the Issuer in ways that cannot be predicted. The insurance business of insurance companies within the Group is subject to the risk of claims resulting from major (catastrophic) events. For example, some weather-related events (in the Netherlands these specifically include storm and hail events) could result in substantial cumulative claims in the non-life insurance business. The life-insurance business could be affected by catastrophic events like a pandemic.

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

The Group's financial results from its operations depend to a significant extent on whether its actual experience is consistent with the assumptions and models used at the time the policy was underwritten, when setting the prices for products and establishing the provisions for future policy benefits and claims. These models include actuarial models and use, among others, statistics, observed historical market data, insurance policy terms and conditions, and the Group's own judgement, expertise and experience, and include assumptions as to, among others, the levels and timing of payment of premiums, benefits, claims, expenses, interest rates, credit spreads, investment portfolio performance (including equity market and debt market returns), longevity, mortality, morbidity and product persistency, and customer behaviour (including with respect to lapses or extensions). The Group's risk models also include assumptions as to regulatory capital and other requirements, which are particularly uncertain in the current regulatory environment, which is undergoing significant, and on-going, changes. Such assumptions are applied to arrive at quantifications of some of the Group's risk exposures.

Although the Group monitors its actual experience against the assumptions it has used and refines its long-term assumptions in accordance with actual experience, it is impossible to determine the precise amounts that are ultimately payable. Statistical methods and models may not accurately quantify the Group's risk exposure if circumstances arise that were not observed in the historical data, if the data do not accurately estimate the magnitude or impact of events or if the data otherwise proves to be inaccurate. From time to time, the Group may need to update its assumptions and actuarial and risk models to reflect actual experience and other new information. The Group therefore cannot determine with precision the amounts that it will pay for, or the timing of payment of, actual benefits, claims and expenses or whether the assets supporting the Group's policy liabilities, together with future premiums, will be sufficient. If actual experience differs from assumptions or estimates, the profitability of the Group's products may be negatively impacted, the Group may incur losses, and the Group's capital and reserves may not be adequate, and the effectiveness of the Group's hedging programmes may be adversely affected. In addition, the impact of changes to assumptions, actuarial and risk models on the Group's financial reporting will differ depending on applicable accounting and regulatory frameworks.

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

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

Because the Issuer is active in the insurance business, changes in longevity, mortality and morbidity experience may materially adversely affect the results of the Issuer

The Issuer's insurance business is exposed to longevity risk (the risk the insured party lives longer), mortality risk (the risk the insured party dies sooner) and morbidity risk (the risk the insured party falls seriously ill or is disabled). Annuities (including the Issuer's single premium group pension business) and other life insurance products are subject to longevity risk, which is the risk that annuitants live longer than was projected at the time their policies were issued, with the result that the insurer must continue paying out to the annuitants for longer than anticipated (and therefore longer than was reflected in the price of the annuity and in the liability established for one policy). Although the Issuer believes that its established provisions are adequate, due to the uncertainties associated with such provisions (in particular the risk of future life expectancy increasing at a faster rate than expected), there can be no assurance that its provisions will indeed be adequate and the Issuer expects more additions to its provisions on account of longevity risk will have to be made in future years. Should the provisions be insufficient, the Issuer's business could suffer significant losses that could have a material adverse effect on its business, revenues, results and financial condition. The Issuer's life insurance business is also exposed to mortality risk, especially in term life insurance and pension contracts where the surviving partner is the beneficiary. The mortality risk associated with the Issuer's life business has been partly reinsured in an effort to control the risk. The Issuer's general insurance business, especially its income protection and disability products, is exposed to morbidity risk, in particular the risk that more policyholders than anticipated will suffer from long-term health impairments and the risk, in the case of income protection or waiver of premium benefits, that those who are eligible to make a claim do so for longer than anticipated (and therefore longer than was reflected in the price of the policies and in the liability established for the policies). Improvements in medical treatments that prolong life without restoring the ability to work could lead to these risks materialising.

A failure to accurately estimate inflation and factor it into the product pricing, expenses and liability valuations of the Issuer and/or any of its subsidiaries could have a material adverse effect on the Issuer's results of operations and financial condition

A failure to accurately estimate inflation and factor it into the product pricing and liability valuations of the Issuer and/or any of its subsidiaries with regard to future claims and expenses could result in 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 Issuer's results of operations and financial condition.

In the case of expenses, the most significant exposure to inflation risk of the Issuer and/or any of its subsidiaries is in its life insurance business in the Netherlands. With respect to claims, the most significant exposure to inflation risk of the Issuer and/or any of its subsidiaries is in its disability and accident insurance policies written by the non-life insurance business in the Netherlands, and health insurance policies written by the health insurance business in the Netherlands.

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) and expense inflation (which is an increase in the amount of expenses that are paid in the future), 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 Issuer's results of operations and financial condition. An increase in inflation may also require the Issuer and/or any of its subsidiaries to update its assumptions. Updates in assumptions within the life insurance business in the Netherlands would result in an immediate change in the present value of the claims or expenses, respectively, used to determine available regulatory capital in the Netherlands and would therefore have an immediate impact on available regulatory capital. Changes in assumptions could therefore have a material adverse effect on the Issuer's results of operations and financial condition.

Because its reinsurance arrangements are with a limited number of reinsurers, the inability of one or more of these reinsurers to meet their financial obligations could have an adverse effect on the results of operations of the Issuer

The insurance operations of the Issuer have bought protection for risks that exceed certain risk tolerance levels set for its life, non-life and health business. This protection is bought through reinsurance arrangements in order to reduce possible losses. Because in most cases the Issuer must pay the policyholders first, and then collect from the reinsurer, the Issuer is subject to credit risk with respect to each reinsurer for all such amounts. The inability of any one of these reinsurers to meet its financial obligations to the Issuer could have a material adverse effect on the net profits and financial results of the Issuer.

Liquidity Risk

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

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

The lack of liquidity in certain investment assets could prevent the Group from selling investments at fair prices in a timely manner. Each asset purchased and liability sold has unique liquidity characteristics. Some assets have high liquidity, meaning that they can be converted into cash relatively quickly, while other assets, such as privately placed loans, mortgage loans, property and limited partnership interests, generally have low liquidity. Market downturns generally reduce the liquidity of investments during the period of market disruption. They may also reduce the liquidity of those assets which are typically liquid, as has occurred with markets for asset-backed securities relating to property assets and other collateralised debt and loan obligations. The Group holds certain assets that have low liquidity, such as privately placed fixed income securities, commercial and residential mortgage loans, asset-backed securities, government bonds of certain countries, private equity investments and real estate. Due to the lack of liquidity in the capital markets for certain assets, which may intensify and affect previously liquid assets during times of market disruption, the Group may be unable to sell or buy assets at market efficient prices and may therefore realise investment losses or be obliged to issue securities at higher financing costs.

The Group's banking subsidiary, Achmea Bank N.V. (**Achmea Bank**), is exposed to the risk of customer deposit outflows. In the event of larger than expected customer deposit outflows the Group would need to seek alternate funding, such as wholesale funding, and would be subject to the risk of an inability to attract wholesale funding to fund its illiquid assets, in particular its mortgage portfolio. There can be no assurance that liquidity available elsewhere in the Group can or may be made available to the Group or affected subsidiary or that any such entity will have access to external sources of liquidity.

Furthermore, the Issuer is a holding entity and its liquidity depends on the ability of the Group to upstream capital and liquidity from its subsidiaries. The Issuer is also dependent on dividend payments by its subsidiaries to service its debt and expenses. Payments of dividends to the Issuer by its subsidiaries may be restricted by applicable laws and regulations, including laws establishing minimum solvency and liquidity thresholds. For instance, dividend distributions by the operating insurance companies may not be permitted by DNB. In addition to restrictions as a result of applicable laws and regulations for payment of dividends by subsidiaries, dividend upstreams may also become restricted because of the Group's own policies, such as taking into account additional considerations with respect to capital, leverage and liquidity requirements, other regulatory requirements or constraints, strategy, future income, profits, resources available for distribution, financial conditions, growth opportunities, the outlook of the subsidiary, its short-term and long-term viability, general economic conditions and any circumstances that the Executive Board (as defined below) may deem relevant or appropriate, including additional capital and liquidity buffers deemed adequate in furtherance of the subsidiary's moderate risk profile. Further, the Group has a large derivatives portfolio, which could require it to post (additional) collateral, reducing its available funds. Although the Group has a liquidity management policy in place to manage liquidity risk, this policy may prove to be ineffective.

In January 2017, the Dutch House of Representatives (*Tweede Kamer*) voted in favour of the proposed Act prohibiting profit distribution by health insurers (the **APPDH**, *Wet verbod op winstuitkering door zorgverzekeraars*). On 13 June 2017, the Dutch Senate (*Eerste Kamer*) has put its voting for this proposal on hold, due to an amendment (*novelle*) that was prepared in order to amend the APPDH based on advice given by DNB and the Dutch Health Authority (*Nederlandse Zorgautoriteit*). This amendment was sent for advice to the Council of State (*Raad van State*) in July 2018, as well as to DNB and the Health Authority. After studying all the advices the initiators of the proposed act will send the amendment for voting to the Dutch House of Representatives and, after being approved there, to the Dutch Senate. It was first expected that the APPDH would come into force as of 1 January 2018, however, this date is now very unclear.

The APPDH and its amendment prohibit health insurers (those entities that execute the mandatory basic health insurance) to distribute profits to its shareholders. The APPDH, may have a negative impact on the solvency ratio of the Issuer because under the APPDH, its health insurance subsidiaries that execute the mandatory health insurance will not be allowed to distribute profits to Group entities which are shareholder. As a result of the fact that the initial APPDH, as well as its amendment, leaves much room for various interpretations, the Issuer cannot determine the impact - if any - on the solvency capital on group level. The APPDH may also negatively affect the financial results of the Issuer's health insurance subsidiaries, for instance because those subsidiaries may become increasingly dependent on external financing which has another cost structure.

Operational Risks

While the Issuer manages its operational risks, these risks remain an inherent part of all of its businesses

The operational risks that the Issuer or its subsidiaries face include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud and changes in the regulatory framework. These events may result in financial loss and may harm the reputation of the Issuer. Additionally, the loss of key personnel or the ability to attract and retain staff could adversely affect the Issuer's or its subsidiaries' operations and results. The Issuer attempts to keep operational risks at appropriate levels by maintaining a well-controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it and its subsidiaries operate. While these control measures mitigate operational risks they may not be fully effective and cannot eliminate them completely.

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

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

The Group relies on its operational processes and communication and information systems to conduct its business, including pricing of its products, its underwriting liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, customer services and compliance with its reporting obligations. The Group depends on third-party providers of administration and IT services and other back-office functions.

In addition, even though back-up and recovery systems and contingency plans are in place and legacy removal and upgrading (quality improvement) of its systems are in progress to update systems and infrastructure, it is still possible that interruptions, failures with conversions, failures or breaches in security of these processes and systems will occur and, if they do occur, that they may not be adequately addressed.

Any interruption in the Group's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of the Group's services to its customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage the Group's brands and reputation.

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

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

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

The Group uses large amounts of data in its business including to price its products and run its actuarial and risk models (see also "*Incorrect assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition*"). If the data management uses is incorrect or incomplete this may lead to incorrect or untimely decisions by management. Additionally, defects and errors in the Group's financial processes, systems and reporting, including both human and technical error, could result in a late delivery of internal and external reports, or reports with insufficient or inaccurate information.

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

Calculating Solvency II own funds and required capital is also subject to the aforementioned risks.

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

Reputational Risk

Because the Issuer is exposed to the risk of damage to any of its brands or its reputation it could have a significant impact on the financial condition of the Issuer

The Issuer's success and results are, to a certain extent, dependent on the strength of its brands and the Issuer's reputation. The Issuer and its products are vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. The Issuer relies on its brands such as ZilverenKruis, FBTO, Centraal Beheer, Interpolis, Avéro Achmea, InShared and De Friesland. The Issuer is exposed to the risk that litigation (such as on mis-selling), employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, amongst others, whether or not founded, could damage its brands or reputation. Any of the Issuer's brands or the Issuer's reputation could also be harmed if products or services recommended by the Issuer (or any of its subsidiaries) do not perform as expected (whether or not the expectations are founded) or the customer's expectations for the product change. Any damage to the Issuer's brands (or brands associated with the Issuer) or reputation could cause existing customers or intermediaries to withdraw their business from the Issuer and its subsidiaries and potential customers or intermediaries to be reluctant or elect not to do business with the Issuer. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agencies' perception of the Issuer, which could make it more difficult for the Issuer to maintain its credit rating. Any damage to the Issuer's brands or reputation could cause disproportionate damage to the Issuer's business, even if the negative publicity is factually inaccurate or unfounded.

Financial Reporting Risks

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

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

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

The following significant standards and interpretations were issued in 2018 or prior years by the IASB and are not applied by the Group in preparing its consolidated financial statements over 2018. These are:

Endorsed by the EU:

– IFRS 9 Financial Instruments (issued on 24 July 2014; effective for periods beginning on or after 1 January 2018); and

– IFRS 16 Leases (issued on 13 January 2016; effective for periods beginning on or after 1 January 2019).

Not yet endorsed by the EU:

– IFRS 17 Insurance Contracts (issued on 18 May 2017; effective for periods beginning on or after 1 January 2021); and

- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018; effective for periods beginning on or after 1 January 2019).

IFRS 9 Financial Instruments: IFRS 9 introduces a new model for the classification of financial assets. This model is driven by the cash flow characteristics and the business model in which an asset is held. With regard to financial liabilities the changes as a result of IFRS 9 are limited and for most financial liabilities the existing amortised cost measurement can be maintained. As part of IFRS 9, the IASB has introduced an expected-loss model to determine impairment losses. This model requires taking into account expected credit losses when financial instruments are first recognised. In case of a significant credit deterioration expected credit losses should be taken into account for the full lifetime. Finally, IFRS 9 introduces a model for hedge accounting that aligns the accounting treatment with risk management activities. The standard is effective for reporting periods beginning on or after 1 January 2018, with early application permitted. The Group will delay the application of this standard, which is permitted under the deferral approach included in the Amendments to IFRS 4. The Group is assessing the impact of this standard, taking into account the interaction with the current standard for the accounting of insurance contracts (and proposed amendments thereon) and also the future standard for the accounting of insurance contracts.

IFRS 16 Leases: IFRS 16 Leases establishes principles for the recognition, measurement and presentation of leases. In the financial statements of the lessee all leases, except for leases with a lease term of 12 months or less and so-called small leases, are recognised as an asset reflecting the right to use the asset for the lease period and a liability reflecting the obligation to pay the future lease payments. For the lessor, the reporting consequences of the new standard are limited. The amendments are effective for reporting periods beginning on or after 1 January 2019. As a lessee, the Group shall include both an asset and a liability in the balance sheet for a number of operating leases. However, the value thereof is limited as at 31 December 2018. In view of the limited value this standard does not have a material impact on Total assets, Total liabilities, Total equity and the Net result of the Group.

IFRS 17 Insurance Contracts: IFRS 17 establishes a number of principles in relation to the recognition, presentation, measurement and disclosure of insurance contracts. The purpose of the standard is to ensure that the effect of insurance contracts within the scope of IFRS 17 on the financial position, result and cash flows is adequately reflected in the financial statements and can be compared with other entities. The standard shall be effective for annual periods beginning on or after 1 January 2021, with early adoption being permitted. In 2018, the IASB made the tentative decision to postpone the required implementation date to 1 January 2022. This standard was published by the IASB in May 2017. As at 31 December 2018 the standard has not yet been endorsed by the EU. The Group is assessing the impact of this standard, taking into account the interaction with the future standard for Financial Instruments (IFRS 9).

Amendments to IAS 19 Plan Amendment, Curtailment or Settlement: Amendments are made in connection with accounting for plan amendments, curtailment and settlements of a defined benefit obligation during a reporting period. After a plan amendment, curtailment or settlement, the Group is required to update assumptions related to the defined benefit obligation and the fair value of the plan assets to estimate cost of such an amendment. The amendment requires that the Group uses this updated information resulting from adjustment in the defined benefit obligation to determine current service costs and net interest in a correct manner. The amendments are effective for reporting periods beginning on or after 1 January 2019. As at the date of this Offering Memorandum the standard has not yet been endorsed by the EU. This standard does not have a material impact on Total assets, Total liabilities, Total equity and the Net result of the Group.

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

The Group determines the amount of reserves for insurance liabilities using actuarial methods and statistical models, which use assumptions. The measurement of liabilities related to insurance contracts is an inherently uncertain process, involving assumptions for changes in legislation, social, economic and demographic trends, inflation, investment returns, policyholder behaviour, and other factors. Specifically, significant assumptions related to these aspects include interest rates, mortality and morbidity rates, trends in claims and assumptions used in the liability adequacy test. Where possible, the Group uses market observable variables and models / techniques which are commonly used in the industry. The assumptions for non-observable market variables used are based on a combination of experience within the Group and market benchmarks, such as those supplied by the statistics department of the Dutch Association of Insurers, the Dutch Society of Actuaries and similar bodies throughout Europe. The use of different assumptions in this evaluation could have an effect on the liabilities related to insurance contracts and Net expenses from insurance contracts.

The data used to calibrate the liabilities related to insurance contracts outstanding claims related to Dutch health-insurance contracts is based on historical information. The contribution for the Health Insurance Fund (including standard nominal premium) and claims level are preliminary and will probably change and shift between insurers for some years. The Group reassesses provisions for the underwriting year on an annual basis based on the latest information on claims level, macro-neutrality and settlements with the Dutch government (equalisation fund allocation for the related underwriting year). When appropriate, the Group has made additional provisions.

The discount rate used to determine the life policy liabilities whose valuation of cash flows is based on locked assumptions related to Dutch activities ranges between 3% and 4%. For part of the portfolio also (un-)realised results from fixed income securities and derivatives backing the insurance liabilities is taken into account in the balance sheet valuation of the life policy liabilities. Life policy liabilities relating to Dutch activities whose cash flows are discounted using market-based interest rates are based on the Euro swap curve, including an illiquidity premium depending on the profit sharing features of the insurance contract, which is extrapolated by means of an ultimate forward rate (UFR, 3.90% per 1 January 2019). The UFR is used to determine the risk-free discount rate after the last liquid point in the Euro swap market and it is based on a long-term equilibrium rate of historical data. The life policy liabilities for foreign operating companies are generally calculated based on discounting at the interest rate guaranteed for the product or in some cases based on projected returns on related investments.

The Group tests the adequacy of the recognised insurance liabilities and related assets at each reporting date (the liability adequacy test, the **LAT**). The test considers current estimates of all contractual cash flows of the insurance liabilities, which are discounted for the life business and certain insurance contracts within the non-life business (disability insurance). The curve used for the adequacy test of the relevant non-life policies is based on the tariff bases: the curve used for life policies is based on the Euro Swap Curve, including an adjustment for credit risk, a country premium and an illiquidity premium, extrapolated by means of a UFR. This UFR is equal to the UFR used for the Solvency II calculation at the same reporting date (year-end 2018 4.05%). If the test shows that the insurance liabilities are inadequate, the Group will recognise a loss. In this, first the recognised value of business acquired will be reduced. Any remaining deficit is either compensated first by reductions of deferred acquisition costs or ultimately by increasing the related insurance liabilities.

Insurance liabilities also include the impact of minimum guarantees which are included in certain insurance contracts. The valuation of these guarantees depends on the difference between the potential minimum benefits payable and the total account balance, expected mortality and surrender rates. The determination of the potential minimum benefits payable also involves the use of assumptions on inflation, investment returns, policyholder behaviour, and mortality and morbidity trends.

The use of different assumptions on these factors could have an effect on insurance liabilities and net expenses from insurance contracts. At the date of this Offering Memorandum, the Group believes that its aggregate reserves for insurance liabilities are adequate. There can be no assurance that the reserves for insurance liabilities will remain adequate in the future and that no additional charges to the income statement will be necessary. Furthermore, one or more of the assumptions underlying the LAT of the Group could prove to be incorrect and management may change one or more of the assumptions affecting the outcome of the LAT, which in each case may make it necessary for the Group to account for additional liabilities.

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

Regulatory/ Legal and Compliance Risks

Because each of the Issuer and the Group operates in a highly regulated industry, changes in statutes, regulations and regulatory policies that govern activities in its various business lines could have an effect on its operations and its net profits

The insurance business and other operations of the Issuer and the Group are subject to insurance and financial services statutes, regulations and regulatory policies that govern what products the Issuer and/or the Group sell and how the Issuer and the Group manage their business. Changes in existing statutes, regulations and regulatory policies, as well as changes in the implementation of such statutes, regulations and regulatory policies may affect the way the Issuer and the Group do business, their ability to sell new policies, products or services and their claims exposure on existing policies. In addition, changes in tax laws may affect its tax position and/or the attractiveness of certain of its products, some of which currently have favourable tax treatment.

The Issuer and the Group are subject to supervisory or regulatory laws and regulations on the basis whereof they will be required to maintain minimum required levels of a solvency margin and/or a capital adequacy ratio. Changes in such supervisory or regulatory laws and regulations may have a material effect on the business, financial condition and operations of the Issuer and the Group and on payments by the Issuer under the Securities, including deferral or cancellation thereof.

The European Union has adopted a full scale revision of the solvency framework and prudential regime applicable to insurance companies, reinsurance companies and insurance groups through Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance as completed by the Omnibus II Directive (2011/0006(COD)) (**Solvency II**). The framework for Solvency II is set out in the Solvency II Directive. In the Netherlands, the legislation implementing the Solvency II Directive came into force on 1 January 2016.

Solvency II creates a solvency framework in which the minimum amounts of capital that insurance and reinsurance companies are required to hold in order to cover the risks to which they are exposed better reflect such companies' specific risk profiles. Solvency II introduced economic risk-based solvency requirements across all Member States. While the previous directives concentrated mainly on the liabilities side (i.e. insurance risks) and included a relatively simple solvency formula based on technical provisions and insurance premiums, Solvency II introduces more comprehensive solvency requirements, taking the asset-side risks into account more extensively, but also providing new and more detailed rules regarding governance, risk management, scenario analyses, stress testing, risks associated with the other entities within the group, including the entities that are unregulated. The new regime is a “total balance sheet” type regime where the insurers’ material risks and their interactions are considered. In addition to these quantitative requirements (**Solvency II Pillar 1**), Solvency II also sets requirements for governance, risk management and effective supervision, including the obligation to perform an Own Risk and Solvency Assessment (**Solvency II Pillar 2**), and disclosure and transparency requirements (**Solvency II Pillar 3**).

Under Solvency II Pillar 1, insurers are required to hold own funds equal to or in excess of a 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 and the discount rate to be applied will have a material impact on the amount of own funds required and the volatility of the level of own funds. The SCR is a risk-based capital requirement which is determined using either a standard formula (set out in the European implementing measures), or, where approved by the relevant supervisory authority, an internal model. The internal model can be used in combination with, or as an alternative to, the standard formula as a basis for the calculation of an insurer’s SCR. In the Netherlands, such a model must be approved by DNB.

Although Solvency II became effective on 1 January 2016, and Solvency II numbers are based on an agreed procedure, there remains uncertainty about elements of the interpretation of Solvency II in the European and Dutch insurance market. This may affect the way the Issuer implements the Solvency II framework, including the Issuer's financial position under Solvency II. Pursuant to Solvency II, the Issuer is required to calculate a solvency ratio (own funds divided by the required solvency, the latter referred to as the **Group SCR**), for the Group at the level of the Issuer which should be at least equal to 100%. Under Solvency I, EU supervisors usually required insurance and reinsurance undertakings to maintain a substantial percentage of own funds above the statutory minimum requirements. Under Solvency II, DNB leaves the decision as to whether to hold a buffer of own funds in excess of the Group SCR, or the SCR, to the Group and to the insurance and reinsurance undertakings in the Group. As the prudential supervisor, DNB will nonetheless monitor the Issuer's capital management policies. For instance, the SCR requirement is still subject to assessment by DNB and may be adjusted from time to time. This may affect the Solvency II ratios of insurance companies.

Another example is that in April 2017, EIOPA has published an adjusted methodology to derive the UFR and its implementation process. This methodology was applied for the first time in the calculation of the risk-free interest rates of January 2018, and was published in February 2018. EIOPA has published the calculation of the UFR of 2020 on 21 May 2019 and calculated that the value of the UFR for the euro for 2020 is 3.75%. According to the methodology, annual changes will not exceed 15 basis points. Since the current UFR is 3.90%, the current UFR will therefore decrease in January 2020 to 3.75%. Changes in the UFR will have an impact on the solvency ratio of insurance companies that form part of the Group and may for that reason negatively affect the results of the Issuer and the Group.

In 2018, EIOPA has conducted a full review of Solvency II. In its first consultation paper EIOPA has illustrated that the supervisory practice regarding loss absorbing capacity of deferred taxes (LAC DT) differs significantly amongst European supervisory authorities (25 January 2018). A further elaboration of this paper by EIOPA is expected, including recommendations. The insights that EIOPA has given in their consultation paper has led to a harmonization of the LAC DT application in Europe, mostly with regard to the future profits. Stricter rules are in place for using the future profits in the

LAC DT calculation. At an EU level, discussions are ongoing regarding amendments to the Solvency II Delegated Regulation (2015/35).

On 8 March 2019, the European Commission published a Delegated Regulation intending to amend the Solvency II Delegated Regulation (2015/35). This amendment leads to a reduction of the capital charge on equity investments and investments in private debt. This Commission Delegated Regulation (EU) 2019/981 was published in the Official Journal of the European Union on 18 June 2019 and entered into force on 8 July 2019. Due to the Group's large equity and private debt exposure, an adjustment of the calculation of market risk related to equity and private debt investments may have a material effect on the Group's business, solvency, results and financial condition. Given the reduction of the capital charges, this is expected to have a positive impact on the solvency ratio of the Group.

In addition to the 2018 review of the Solvency II framework, in 2020 a review of the Solvency II framework will take place. This review will encompass the so-called “long-term guarantees” package, in particular the functioning and stability of European insurance markets, the extent to which insurance and reinsurance undertakings continue to operate as long-term investors and the availability and pricing of long-term insurance products. In this context, the European Commission has requested EIOPA to provide, by the end of 2019, information on insurance liabilities (including illiquid liabilities), asset management of insurers, information on long-term guarantee measures and information on the market valuation of insurance liabilities.

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

1. long-term guarantee measures and measures on equity risk;

2. specific methods, assumptions and standard parameters used when calculating the SCR standard formula;

3. rules and supervisory authorities’ practices on the calculation of the minimum capital requirement;

4. the supervision of insurance and reinsurance undertakings in a group; and

5. other items related to the supervision of insurance and reinsurance undertakings.

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

In some cases, the Dutch supervisor could implement a stricter interpretation compared to supervisors in other countries, possibly resulting in a (significant) adjustment of Solvency II figures. In addition, although the Group believes the assumptions and interpretation it uses for the Solvency II calculations are correct (i.e. performed according to the Solvency II regulation), it is possible that the regulator may require changes in these assumptions or interpretations and such changes could be required for future years or periods even if not required for the most recently completed period. For instance, the regulator may consider that the LAC DT as included in the calculation needs to be adjusted downwards, or that the counterparty risk module does not satisfactory reflect all the risks of the Group’s mortgage portfolio. Furthermore, a changing methodology for the treatment of future expenses and future management actions (such as en-bloc increases of premiums) within the Solvency II calculation could have a negative effect on the Solvency II figures.

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

Solvency II and double leverage, the ratio between Group equity and the total equity value of the Group's Subsidiaries on an unconsolidated basis, are expected to become the subjects of increasing focus and attention at various regulatory levels going forward.

Should the Group not be able to adequately comply with the Solvency II requirements in relation to capital (including with respect to grandfathering of existing subordinated loan structures), risk management, documentation and reporting processes, this could have a material adverse effect on its business, solvency, results and financial condition.

Dividend distributions and repayment of capital

In the event that an insurance company does not comply with the applicable solvency requirements or foresees that it might not meet these requirements in the twelve (12) following months, it requires a declaration of no objection from DNB for (i) a reduction of its equity by either repayment of capital or a distribution of provisions, or (ii) the distribution of dividend. This legal requirement may negatively affect the profitability of the Issuer.

Recovery and resolution framework for insurance companies

If the financial position of an insurance company deteriorates, DNB may take certain measures against the insurance company concerned, depending on the nature of the situation. For instance, DNB may request an insurance company to draw up a recovery plan (*herstelplan*) if it does not meet the relevant solvency requirements. The recovery plan must contain measures which aim to recover the financial position of the insurance company concerned.

DNB may also request an insurance company to compile a short-term financing plan (financieel *kortetermijnplan*) if it does not meet the applicable capital requirements. The short-term financing plan must aim to solve the capital shortfall within three (3) months.

In addition, DNB may limit the free disposal of the insurance company over its assets in the event that (i) the insurance company does not comply with the requirements with regard to technical provisions, (ii) the insurance company expects that it will not meet solvency requirements within three (3) months and extraordinary circumstances occur, based on which DNB expects that the financial position of the insurance company will further deteriorate, (iii) the insurance company does not meet the minimum capital requirements, or expects that this will occur within three (3) months, or (iv) in the event of a continuous deterioration of the solvency of the insurance company.

If any of the abovementioned measures would be applied to the Group and/or the Issuer, this may have an impact on the operations and activities of the Group and negatively affect the profitability of the Group.

Dutch Intervention Act

In exceptional circumstances, the Issuer and financial firms (*financiële ondernemingen*) within the Group may become subject to expropriation measures. The Dutch Minister of Finance may take far-reaching measures or expropriate - among others - securities such as the Securities, issued by or with the consent of a financial institution or its parent company, in each case if it has its corporate seat in the Netherlands, if in the Minister of Finance's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the firm finds itself. The application of such measures may have a material negative impact on the profitability of the Group.

Insurers Recovery and Resolution Act

On 1 January 2019, the Insurers Recovery and Resolution Act (*Wet herstel en afwikkeling verzekeraars*) (**IRRA**) entered into force. With the IRRA, the legislative framework for the recovery and resolution of insurers is strengthened and a new recovery and resolution framework was introduced under which certain obligations are imposed on insurers and certain resolution powers are conferred on DNB. The new recovery and resolution framework applies to, among others, all insurers who are subject to DNB's prudential supervision. In the case of a group consisting of one or more insurers and one or more banks (a financial conglomerate), the recovery and resolution powers in the new framework may be exercised only against the insurer(s). If an entity falls within the scope of both the resolution regime for banks and the corresponding regime for insurers (for example, because it is a mixed financial holding company), the regime for banks will have priority because of its basis in EU law.

The IRRA distinguishes two phases: the preparation phase and the resolution phase.

During the preparation phase, each insurer is required to draw up a preparatory crisis plan and DNB is required to draw up (and periodically evaluate) a resolution plan for each insurer.

During the resolution phase, DNB has several recovery and resolution tools. The resolution tools include the bail-in tool, the sale of business tool, the bridge institution tool and the asset separation tool. In addition to the abovementioned resolution tools and corresponding powers, the IRRA gives DNB special powers to take actions such as: (i) taking over the management of an insurer under resolution, (ii) appointing a special director to take over the insurer's management, (iii) converting the insurer into a different legal form if this is necessary to apply bail-in, and (iv) terminating or modifying the terms of an agreement to which the insurer is a party.

Under the IRRA, a counterparty is prohibited from exercising certain contractual rights (such as termination and close-out rights) and rights attached to security interests if those rights arose as a result of the application of a recovery or resolution measure or an event directly linked to the application of such a measure. However, this only applies if the insurer under resolution continues to perform its substantive obligations under the relevant contract, including payment and delivery obligations and the provision of collateral. Contractual rights arising as a result of an event other than the application of a recovery or resolution measure or a directly linked event are not covered by the prohibition. In addition, DNB may temporarily suspend and/or restrict the payment or delivery obligations of an insurer under resolution or a counterparty's rights to terminate an agreement with the insurer under resolution or enforce a security interest. However, a counterparty's termination rights may only be suspended if the insurer continues to meet its substantive obligations to that counterparty.

In this connection, it should be noted that a suspension can sometimes apply to agreements with the insurer's subsidiaries. Furthermore, an (in principle) temporary suspension of termination rights can, under certain circumstances, become permanent.

The IRRA provides for certain safeguards for shareholders and creditors of an insurer under resolution, such as (i) the application of the "no creditor worse off" principle, (ii) rules for the protection of linked assets and liabilities of the insurer under resolution, (iii) safeguards against application of fraudulent preference (*actio pauliana*) and (iv) safeguards with regard to orders that have already been entered into a system as referred to in the Settlement Finality Directive.

The IRRA provides that the resolution of insurers will be funded through financial contributions by other insurers. This is an ex post arrangement, meaning that – unlike under the BRRD/SRM framework– it does not entail the establishment of a fund. Another difference compared to banks is that the IRRA expressly states that the contributions may not be used to recapitalise or absorb the losses of insurers under resolution. The main purpose of the fund is to compensate creditors based on the "no creditor worse off" principle. All Netherlands-based insurers and all branches in the Netherlands of insurers established in a non-EEA country (other than Solvency II Basic insurers) will have to contribute to the fund. DNB will set the amount of their contributions.

In December 2016, EIOPA published a Discussion Paper on Potential Harmonisation of Recovery and Resolution Frameworks for Insurers. Subsequently, on 5 July 2017, EIOPA published an Opinion on the Harmonisation of the Recovery and Resolution Framework for (Re)Insurers across the European Union. In its Opinion document, which was addressed to the European Parliament, EIOPA calls for a minimum degree of harmonisation applied in a proportionate manner with the objective to avoid fragmentation and to facilitate cross-border cooperation and coordination, while leaving room for the Member States to address any specificities of their national insurance market. EIOPA proposes four building blocks of a harmonised recovery and resolution framework for insurers: (i) Preparation and Planning, (ii) Early Intervention/Recovery, (iii) Resolution and (iv) Cooperation and Coordination. The aim of this framework as well as its elements are to a large extent aligned with these of the IRRA set out above. EIOPA's efforts have until now not resulted in a harmonised EU recovery and resolution framework for insurance companies.

Application of resolution and recovery measures would have a material adverse effect on the Issuer's and the Group's business, financial position and results of operations.

Supervision on financial conglomerates

The Financial Conglomerates Directive (2002/87/EC) aims at the supplementary supervision of regulated entities that form part of a financial conglomerate. Financial conglomerates are groups with licences in both the banking and the insurance sector. The Issuer is part of a group that qualifies as such a financial conglomerate. The Financial Conglomerates Directive focuses on potential risks of double gearing (multiple use of capital) and on group risks (the risks of contagion, management complexity, risk concentration, and conflicts of interest).

In August 2010, the European Commission (the **EC**) proposed to amend the existing rules on the supervision of financial conglomerates. In December 2011, these rules entered into force by way of the Directive regarding the supplementary supervision of financial entities in a financial conglomerate (2011/89/EU, **Fico I**). Fico I further strengthened the supervision on financial conglomerates, mainly by better aligning the various forms of group supervision. Fico I was partially implemented and applicable in the Netherlands on 1 January 2014. The remainder of Fico I entered into force on 1 January 2016. In June 2016, the European Commission published a consultation document with regard to Fico I. The consultation period ended in September 2016. It is unclear which conclusions the European Commission will draw from the consultation and therefore what the impact thereof on the Group will be.

The Dutch Financial Supervision Act contains specific provisions concerning the prudential supervision of financial groups. These provisions deal with: (a) the consolidated supervision of credit institutions and investment firms; (b) the supervision of life insurance companies, general insurance companies and reinsurance companies in an insurance group; and (c) the supervision of financial conglomerates, in order to enable DNB to form a correct picture of the financial soundness of a group, so as to ensure, *inter alia*, that a group's solvency is not presented in an excessively favourable light.

Activity of regulators

The Group falls under the supervision of DNB and the AFM. The regulators regularly publish guidelines and interpretations of the rules which apply to the Group. Also, the regulators regularly carry out (market-wide) investigations with regard to companies that fall under their supervision. For instance, at the end of 2018 DNB made public the following activities and areas of interest among others:

- information security by insurance companies;
- the product approval and review process with respect to certain insurance products;
- the risk management function of insurance companies; and
- DNB will carry out or has carried out several sector wide inquiries in 2019 with regard to, amongst others, non-financial risks of Solvency II-insurers, scenarios of ORSAs and the potential risks of InsurTech.

The activities of the regulators may lead to recommendations to the market. Such recommendations may require the Group to make adjustments within its organisation, or lead to further investigations and potential regulatory measures.

Because the banking business of the Issuer is subject to significant adverse regulatory developments including changes in regulatory capital and liquidity requirements, the results of the Issuer can be materially affected

The Issuer through its banking subsidiary conducts its businesses subject to on-going regulatory and associated risks, including the effects of changes in law, regulations, and policies in the Netherlands. The timing and form of future changes in regulation are unpredictable and beyond the control of the Issuer, and changes made could materially adversely affect the Issuer's banking business.

As a result of its banking activities, the Group is subject to detailed banking and other financial services laws and government regulation in the Netherlands, of which a non-exhaustive summary is set out below. The banking subsidiary of the Issuer is required to hold a licence for its operations and is subject to regulation and supervision by authorities in the Netherlands such as DNB, the AFM and in all other jurisdictions in which it operates. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. Regulators and supervisory authorities seem to be taking an increasingly strict approach to regulation and the enforcement thereof that may not be to the Group's benefit. A breach of any regulations by the banking subsidiary of the Issuer could lead to intervention by supervisory authorities and the banking subsidiary of the Issuer could come under investigation and surveillance, and be involved in judicial or administrative proceedings. The Group may also become subject to new regulations and guidelines that may require additional investments in systems and people and compliance with which may place additional burdens, costs or restrictions on the Group.

In light of the responses to the global economic and financial crisis, financial institutions have been confronted with a succession of new legislation and regulations, including, in particular, rules and regulations regarding capital adequacy, liquidity, leverage, accounting and other factors affecting banks (as discussed further below). Other recent and future prudential, conduct of business and more general regulatory initiatives that may affect the Group include, but are not limited to: (i) the European Market Infrastructure Regulation (**EMIR**), which imposes mandatory central clearing, certain risk mitigation requirements, as well as reporting obligations, in respect of (OTC) derivative transactions. Proposals for regulations amending EMIR are pending at an EU level. These proposals will affect the requirements applicable to counterparties to derivatives as well as the requirements applicable to EU and non-EU central counterparties. Regulation 2019/834 amending EMIR in respect of the former requirements was adopted by the European Council on 14 May 2019, was published in the Official Journal on 28 May 2019 and will enter into force on 17 June 2019. The date on which the other proposal will be adopted and enter into force is still unclear, (ii) the Mortgage Credit Directive (2014/17/EU), which, as implemented in Dutch law, introduced new requirements aiming to increase consumer protection relating to mortgage credit agreements, for instance with respect to pre-contractual information, the way of calculating the annual percentage rate of charge, early repayment and arrears, and foreclosure, (iii) the PRIIPS Regulation, which provides that manufacturers and distributors of certain investment products will have to produce and/or provide a 'Key Information Document', (iv) MiFID II and the accompanying regulation (MiFIR), which give more extensive powers to supervisory authorities, increases market infrastructure, reporting and transparency requirements, introduces more robust investor protection, a harmonised position-limits regime for commodity derivatives and the possibility to impose higher fines in case of infringement of its requirements and, finally, (v) the fourth Anti-Money Laundering Directive (2015/849/EU) (**AML4**) and accompanying regulation which will provide, among others, for refined rules on customer due diligence requirements. The implementation of AML4 in the Netherlands entered into force on 25 July 2018. The fifth Anti-Money Laundering Directive (2018/843/EU) entered into force on 9 July 2018, amending AML4. AML5 provides, inter alia, for enhanced powers of EU Financial Intelligence Units and improve the safeguards for financial transactions to and from high-risk third countries.

Basel III/Basel IV/CRD IV

Specifically, as regards the recent and future capital adequacy, liquidity and leverage requirements relevant for the banking subsidiary of the Issuer, in December 2010, the Basel Committee on Banking Supervision (the **Basel Committee**) published its final standards on the revised capital adequacy framework known as **Basel III**. These standards are significantly more stringent than the previous requirements. In order to facilitate the implementation of the Basel III capital and liquidity standards for banks and investment firms, on 20 July 2011 the European Commission proposed a legislative package to strengthen the regulation of the banking sector. On 26 June 2013, the Council and the European Parliament adopted the package known as **CRD IV**. CRD IV has replaced the former Capital Requirements Directives (2006/48 and 2006/49) with a directive (Directive 2013/36/EU, **CRD IV Directive**) and a regulation (Regulation (EU) 575/2013, **CRR**) which aim to create a sounder and safer financial system. The CRD IV Directive governs amongst other things the permissibility of deposit-taking activities while the CRR establishes the majority of prudential requirements institutions need to respect. The CRR is effective as of 1 January 2014, and has direct effect in the Netherlands. The CRD IV Directive was implemented in Dutch law as per 1 August 2014. A number of the requirements introduced under CRD IV are phased in over a period of time or further supplemented through the Regulatory and Implementing Technical Standards produced by the European Banking Authority (the **EBA**).

CRD IV, in implementing Basel III, is intended to increase the quality and quantity of capital, to require increased capital against derivative positions and to introduce a capital conservation buffer, a counter-cyclical buffer, a systemic risk buffer, a new liquidity framework (liquidity coverage ratio and net stable funding ratio) as well as a leverage ratio. The leverage ratio is defined as Tier 1 capital divided by a measure of non-risk weighted assets. The leverage ratio requirement will be phased in gradually and will become a binding harmonised requirement (as part of the EU Banking Reforms, as defined below). Pursuant to the EU Banking Reforms a binding leverage ratio of 3% will become applicable to banks. According to the EU Banking Reforms, competent authorities remain responsible for monitoring leverage policies and processes of individual institutions and may impose additional measures to address risk of excessive leverage, if warranted. Prior to the announcement of the EU Banking Reforms, the Dutch government announced that it wishes to implement a leverage ratio of at least 4% for significant Dutch banks. However, the banking subsidiary of the Issuer currently is not such significant bank. Also, international discussions are ongoing regarding a possible leverage ratio surcharge for global systematically important banks (**G-SIBs**). The banking subsidiary of the Issuer does not qualify as such on the date of this Offering Memorandum.

The Issuer cannot fully predict what impact the new rules and regulations will have on its, or its banking subsidiary's business, until the final rules and regulations, which in certain cases are subject to transposition in the Member States, are implemented and what the scope of these rules and regulations will be. Any new or changed regulations may adversely affect the Issuer's business and/or results of operations.

Following certain proposals of the Basel Committee and the Financial Stability Board, the EC proposed on 23 November 2016 a comprehensive package of banking reforms to CRD IV, CRR, the BRRD (as defined below) and the SRM (as defined below) (the **EU Banking Reforms**), including measures to increase the resilience of EU institutions and enhance financial stability. The EU Banking Reforms are wideranging and cover multiple areas, including: (a) a binding 3% leverage ratio, (b) a binding detailed net stable funding ratio, (c) a requirement to have more risk-sensitive own funds for banks trading in certain instruments (further to Basel Committee's fundamental review of the trading book), (d) a new category of 'nonpreferred' senior debt, (e) the introduction of the new total loss-absorbing capacity (**TLAC**) standard for G-SIBs, (f) an amendment of the minimum requirement for own funds and eligible liabilities (**MREL**) framework to integrate the TLAC standard and (g) a revised calculation method for derivatives exposures.

Furthermore, the EU Banking Reforms also include a directive which entered into force on 28 December 2017 amending the BRRD (the **BRRD Amendment Directive**). The BRRD Amendment Directive provides for an EU-harmonised approach on bank creditors' insolvency ranking that would enable banks to issue debt in a new statutory category of unsecured debt, ranking just below the most senior debt and other senior liabilities for the purposes of resolution, while still being part of the senior unsecured debt category. The EU Banking Reforms also provide for a moratorium tool allowing for the suspension of certain contractual obligations for a short period of time in resolution as well as in the early intervention phase. As such, the EU Banking Reforms may affect the banking subsidiary of the Issuer (including with regard to the MREL it must maintain). The implementation of the BRRD Amendment Directive entered into force in the Netherlands on 14 December 2018. The EU Banking Reforms have been adopted by the Council of the EU and the European Parliament on 14 May 2019 and have entered into force on 27 June 2019. Most of the new rules will start applying in mid-2021, subject in certain cases to transposition in the Member States. It is at this time not yet certain how the reforms will affect the Issuer.

On 7 December 2017, the Basel Committee published the finalised Basel III reforms as improvements to the global regulatory framework (**Basel III Reforms**) (informally referred to as Basel IV). Basel III Reforms seek to restore credibility in the calculation of risk-weighted assets (**RWA**) and to improve the comparability of banks' capital ratio. The most important changes involve stricter rules for internal models and a capital floor. The Basel III Reforms, however, also include revisions to the standardised approaches for credit risk, operational risk and the credit valuation adjustment specified at a counterparty level. Given that the Basel III Reforms will have to be transposed by the EU legislature, the precise impact of the Basel III Reforms on the Issuer remains uncertain. Furthermore, the Basel Committee may from time to time continue to amend and/or supplement Basel III or the Basel III Reforms.

Any of the above factors may have significant effects on the banking and investment management subsidiaries of the Issuer.

Risks related to the Dutch Intervention Act, BRRD, SRM and Revised State Aid Guidelines

In 2012, the Dutch government adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the **Dutch Intervention Act**). Pursuant to the Dutch Intervention Act, substantial new powers were granted to DNB and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency.

The national framework for intervention by DNB with respect to banks has been replaced by the SRM (see below) and the law implementing the resolution framework set out in the BRRD (see below). However, the powers granted to the Dutch Minister of Finance under the Dutch Intervention Act remain. The Dutch Intervention Act empowers the Dutch Minister of Finance to (i) commence proceedings leading to ownership by the Dutch State (nationalisation) of the relevant financial institution, or also its parent company and expropriation of assets and liabilities, claims against it and/or securities, and (ii) take immediate measures which may deviate from statutory provisions or from the articles of association of the relevant financial institution, in each case if it has its corporate seat in the Netherlands, if in the Minister of Finance's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the firm finds itself.

On 12 June 2014, a directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms (2014/59/EU, **BRRD**) was published in the Official Journal of the European Union. The BRRD is currently in force and EU Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with the BRRD by 31 December 2014. The measures set out in the BRRD (including the Bail-in Tool, as defined below) have been implemented in national law with effect from 26 November 2015.

The BRRD sets out a common European recovery and resolution framework which is composed of three pillars: preparation (by requiring banks to draw up recovery plans and resolution authorities to draw up resolution plans), early intervention powers and resolution powers. In addition, BRRD provides preferential ranking on insolvency for certain deposits that are eligible for protection by deposit guarantee schemes (including the uninsured element of such deposits and, in certain circumstances, deposits made in non-EEA branches of EEA credit institutions). The stated aim of BRRD is, similar to the Dutch Intervention Act, to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

For banks established in a Member State participating in the Single Supervisory Mechanism, such as the banking subsidiary of the Issuer, the BRRD is implemented by the directly binding regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (the **SRM**). The SRM establishes a single European resolution board (the **Resolution Board**) having resolution powers over the institutions that are subject to the SRM, in particular institutions which are deemed significant under the Single Supervisory Mechanism, thus replacing or exceeding the powers of the national resolution authorities within the euro area. Currently, DNB in its capacity of national resolution authority (**NRA**) shall perform resolution tasks and responsibilities under the SRM with respect to the banking subsidiary of the Issuer (as a less significant institution under the Single Supervisory Mechanism). However, the Resolution Board may take over the role of the NRA with respect to the banking subsidiary of the

Issuer in certain circumstances set out in the SRM. In such case, the Resolution Board has the authority to exercise the specific resolution powers pursuant to the SRM which are similar to those of the NRA under the BRRD and SRM. The resolution tools available for the Resolution Board include the sale of business tool, the bridge institution tool, the asset separation tool and the Bail-in Tool as further specified in the SRM.

The SRM and BRRD apply not only to banks, but may also apply to certain investment firms, group entities and (to a limited extent) branches of equivalent non-EEA banks and investment firms. In connection therewith, the SRM and BRRD recognise and enable the application of the recovery and resolution framework both on the level of an individual entity as well as on a group level. The below should be read in the understanding that the banking subsidiary of the Issuer may become subject to requirements and measures under the SRM and BRRD not only with a view to or as a result of its individual financial situation, but also, in certain circumstances, with a view to or as a result of the financial situation of the group that it forms part of.

The Resolution Board may apply interpretations of BRRD or recovery and resolution strategies that differ from those applied by the relevant NRA. Any change in the interpretation or strategy may affect the resolution plans for the banking subsidiary of the Issuer, as prepared by the relevant NRA.

If the banking subsidiary of the Issuer would infringe or, due to a rapidly deteriorating financial condition, would be likely to infringe capital or liquidity requirements in the near future, the supervisory authorities will have the power to impose early intervention measures. A rapidly deteriorating financial condition could, for example, occur in case of a deterioration of the liquidity situation of the banking subsidiary of the Issuer, increasing level of leverage and non-performing loans. Intervention measures include the power to require changes to the legal or operational structure of the institution, changes to the institutions' business strategy, managing board of the banking subsidiary of the Issuer to convene a general meeting of shareholders, set the agenda and require certain decisions to be considered for adoption by the general meeting of shareholders. Furthermore, if these early intervention measures are not considered sufficient, DNB may replace management or install a temporary administrator. A special manager may also be appointed who will be granted management authority over the banking subsidiary of the Issuer instead of the existing board members, in order to implement the measures decided on by DNB.

If the banking subsidiary of the Issuer was to reach a point of non-viability, the relevant resolution authority could take pre-resolution measures. These measures include the write down and cancellation of shares, and the write down of capital instruments or conversion of capital instruments into shares. A write down or conversion into shares of capital instruments could adversely affect the rights and effective remedies of Holders and the market value of their Securities could be negatively affected.

The BRRD and SRM provide resolution authorities with broader powers to implement resolution measures with respect to banks which meet the conditions for resolution, which may include (without limitation) the sale of the bank's business to a third party or a bridge institution, the separation of assets, a bail-in tool, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments and discontinuing the listing and admission to trading of financial instruments. The bail-in tool comprises a more general power for resolution authorities to write down the claims of unsecured creditors of a failing bank and to convert unsecured debt claims into equity.

Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the relevant resolution authority, as applicable, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank for this purpose. The application of resolution measures may lead to additional measures. For example, in connection with the nationalisation of SNS Reaal N.V. pursuant to the Dutch Intervention Act, a one-off resolution levy for all banks was proposed by the Dutch Minister of Finance.

When applying the resolution tools and exercising the resolution powers, including the preparation and implementation thereof, the resolution authorities are not subject to (i) requirements to obtain approval or consent from any person either public or private, including but not limited to the holders of shares or debt instruments, or from any other creditors, and (ii) procedural requirements to notify any person including any requirement to publish any notice or prospectus or to file or register any document with any other authority, that would otherwise apply by virtue of applicable law, contract, or otherwise. In particular, the resolution authorities can exercise their powers irrespective of any restriction on, or requirement for consent for, transfer of the financial instruments, rights, assets or liabilities in question that might otherwise apply.

Resolution Fund

The SRM provides for a single resolution fund (the **Resolution Fund**) that will be financed by banking groups included in the SRM. The banking subsidiary of the Issuer will only be eligible for contribution to loss absorption by the Resolution Fund after a resolution action is taken if shareholders, the holders of relevant capital instruments and other eligible liabilities have made a contribution (by means of a write down, conversion or otherwise) to loss absorption and recapitalisation equal to an amount not less than 8% of the total liabilities (including own funds and measured at the time of the resolution action). This means that the banking subsidiary of the Issuer must hold on to sufficient own funds and liabilities eligible for write down and conversion in order to have such access to the single resolution fund in case of a resolution. This may have an impact on the capital and funding costs of the banking subsidiary of the Issuer.

State Aid

On 10 July 2013, the European Commission announced the adoption of its temporary state aid rules for assessing public support to financial institutions during the crisis (the **Revised State Aid Guidelines**). The Revised State Aid Guidelines impose stricter burden-sharing requirements, which require banks with capital needs to obtain additional contributions from equity holders and capital instrument holders before resorting to public recapitalisations or asset protection measures. The European Commission has applied the principles set out in the Revised State Aid Guidelines from 1 August 2013. The European Commission has made it clear that any burden sharing imposed on subordinated debt holders will be made in line with principles and rules set out in BRRD.

The Dutch Intervention Act, BRRD, SRM, the EU Banking Reforms and the Revised State Aid Guidelines may increase cost of funding of the banking subsidiary of the Issuer and thereby have an adverse impact on funding ability, financial position and results of operations of the banking subsidiary of the Issuer. In case of a capital shortfall, the banking subsidiary of the Issuer would first be required to carry out all possible capital raising measures by private means, including the conversion of junior debt into equity, before one is eligible for any kind of restructuring State aid.

Intended TLAC and MREL alignment

The EU Banking Reforms have amended a number of aspects of the MREL framework to align it, *inter alia*, with the TLAC standard. To maintain coherence between the MREL rules applicable to G-SIBs and those applicable to non-G-SIBs, the EU Banking Reforms also include a number of changes to the MREL rules applicable to non-G-SIBs, including (without limitation) the criteria for the eligibility of liabilities for MREL. While the EU Banking Reforms provide for a minimum harmonised or "Pillar 1" MREL requirement for G-SIBs, in the case of non-G-SIBs it is included that MREL requirements will be imposed on a bank-specific basis. The EU Banking Reforms further provide for the resolution authorities to give guidance to an institution to have own funds and eligible liabilities in excess of the requisite levels for certain purposes.

Risks relating to the FSB standard, RTS and the EU Banking Reforms

Both the FSB standard and the RTS may be subject to change and further implementation. For instance, the EU Banking Reforms will implement TLAC and clarify its interaction with MREL. However, it is at this time not yet certain how the reforms will affect the banking subsidiary of the Issuer. Following the implementation of the EU Banking Reforms however, it is possible that the banking subsidiary of the Issuer may have to issue a significant amount of additional MREL eligible liabilities in order to meet the new requirements within the required timeframes. If the banking subsidiary of the Issuer is to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on the Issuer's business, financial position and results of operations.

Because the banking subsidiary of the Issuer faces refinancing risks in the capital markets, the banking subsidiary of the Issuer might face substantial liquidity risks

The banking subsidiary of the Issuer faces liquidity risk. Liquidity risk refers to the risk that funding and liquid assets will not be (sufficiently) available as a result of which the banking subsidiary of the Issuer may not be able to meet short-term financial obligations. The sensitivity of the banking subsidiary of the Issuer to this risk is substantial. The amount of mortgage loans on the banking subsidiary of the Issuer's balance sheet exceeds the amount of savings money attracted (via its subsidiary entity Achmea Bank N.V.). This has resulted in a dependency on wholesale funding including the use of securitisation of the mortgage portfolio and the issue of covered bonds and secured and unsecured euro medium term notes. The gap between mortgage loans granted and savings and deposits entrusted is funded in the money and capital markets. Good access to these markets may be necessary to finance the growth of the mortgage loan portfolio and to refinance all outstanding loans with a shorter maturity than the mortgage loans in which the money is invested. The access to the money and capital markets may be affected by concerns about the credit strength of the banking subsidiary of the Issuer, but may also be influenced by concerns about the market segments in which the banking subsidiary of the Issuer is active, or by a general market disruption. Access to the markets may be further affected by a deterioration of the credit rating of the Issuer.

Because the Issuer also operates in markets with less developed judiciary and dispute resolution systems, proceedings could have an adverse effect on its operations and net result

In the less developed markets in which the Issuer operates, judiciary and dispute resolution systems may be less developed. In case of a breach of contract, the Issuer may have difficulties in making and enforcing claims against contractual counter parties. On the other hand, if claims are made against the Issuer, the Issuer might encounter difficulties in mounting a defence against such allegations. If the Issuer becomes party to legal proceedings in a market with an insufficiently developed judiciary system, it could have an adverse effect on its operations and net result. Because the Issuer is a financial services company and its group companies are continually developing new financial products, the Issuer might be faced with claims that could have an adverse effect on its operations and net result if clients' expectations are not met. When new financial products are brought to the market, communication and marketing is focussed on potential advantages for the customers. If the products do not generate the expected profit, or result in a loss, customers may file claims against the Issuer or any of its affiliates for not fulfilling its potential duty of care. Potential claims could have an adverse effect on its operations and net result.

Legal proceedings

The Issuer is and may become involved in legal proceedings, regulatory activity and measures (including investigations) which, if resolved negatively for the Issuer, could have an adverse effect on the Issuer's operations, net results and equity position. For current proceedings reference is made to "Litigation – Unit-linked Products" beginning on page 125 and "Litigation – Conflict between the Slovak Government and Achmea" on page 125 and "Litigation – Tax Dispute" on page 124 of this Offering Memorandum.

Because the Issuer is exposed to the risk of mis-selling claims from customers who feel misled or treated unfairly, it could have a significant impact on the financial condition of the Issuer

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

The Issuer and/or its subsidiaries may not be able to protect its intellectual property rights, and may be subject to infringement claims by third parties, which may have a material adverse effect on the Issuer's business and results of operations

In the conduct of its business, the Issuer and its subsidiaries rely on a combination of contractual rights with third parties and copyright, trademark, trade name, patent and other intellectual property rights laws to establish and protect its intellectual property. Third parties may infringe or misappropriate the intellectual property of the Issuer and/or its subsidiaries. The Issuer and/or its subsidiaries may have to litigate to enforce and protect its copyrights, trademarks, trade names, patents, trade secrets and know-how or to determine their scope, validity or enforceability. In that event, the Issuer and/or its subsidiaries may be required to incur significant costs, and the efforts of the Issuer and/or its subsidiaries may not be successful. The inability to secure or protect intellectual property could have a material adverse effect on the business of the Issuer and/or its subsidiaries and their ability to compete. The Issuer and/or its subsidiaries may also be subject to claims by third parties for (a) infringement of intellectual property rights, (b) breach of copyright, trademark or licence usage rights, or (c) misappropriation of trade secrets. Any such claims and any resulting litigation could result in significant expense and liability for damages. If the Issuer and/or its subsidiaries were found to have infringed or misappropriated a third party patent or other intellectual property right, the Issuer and/or its subsidiaries may in some circumstances be enjoined from providing certain products or services to its customers or from utilising and benefiting from certain methods, processes, copyrights, trademarks, trade names, trade secrets or licences. Alternatively, the Issuer and/or its subsidiaries may be required to enter into costly licensing arrangements with third parties or to implement an alternative, which may prove costly. Any of these scenarios could have a material adverse effect on the Issuer's business and results of operations.

RISK FACTORS RELATING TO THE SECURITIES

Capitalised expressions used below have the meaning ascribed to them in "Terms and Conditions of the Securities".

1. GENERAL RISKS RELATING TO THE SECURITIES

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

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Securities and be familiar with the behaviour of financial markets and with the regulatory framework applicable to the Issuer;

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(f) consult its legal advisers in relation to possible legal or fiscal risks that may be associated with any investment in the Securities.

The Securities are complex financial instruments. Sophisticated institutional investors generally purchase complex financial instruments as part of a wider financial structure rather than as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Legality of purchase

None of the Issuer, the Joint Lead Managers or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities 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.

The trading market for the Securities may be volatile and may be adversely impacted by many events

The market value of the Securities will be affected by the creditworthiness of the Issuer and a number of additional factors. The market for the Securities may be influenced by economic and market conditions, political events in the Netherlands or elsewhere and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in the Netherlands, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Securities or that economic and market conditions will not have any other adverse effect. The price at which a Holder will be able to sell the Securities may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Holder.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Securities in EUR. 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 EUR. These include the risk that exchange rates may significantly change (including changes due to devaluation of EUR 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 EUR would decrease (a) the Investor's Currency-equivalent yield on the Securities, (b) the Investor's Currency equivalent value of the principal payable on the Securities and (c) the Investor's Currency-equivalent market value of the Securities.

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

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

It is possible that the Securities may be traded in amounts that are not integral multiples of EUR200,000. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than EUR200,000 in its account with the relevant clearing system in case Securities in definitive form are issued may not receive a Security in definitive form in respect of such holding (should Securities in definitive form be issued) and may need to purchase a principal amount of Securities such that its holding amounts to at least EUR200,000. If Securities in definitive form are issued, holders should be aware that Securities in definitive form which have a denomination that is not an integral multiple of EUR200,000 may be illiquid and difficult to trade.

Interest rate risks

As a result of the Securities bearing interest at a fixed rate from (and including) the Issue Date, to (but excluding) the First Reset Date, investment in the Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities.

Following the First Reset Date, interest on the Securities will be calculated on each Reset Date by the Calculation Agent as the sum of the applicable 5 Year Mid-Swap Rate in relation to that Reset Period, plus the Margin, converted to a semi-annual rate in accordance with market convention (rounded to three decimal places with 0.0005 rounded upwards). The Interest Rate on each Reset Date will be determined on the Reset Interest Rate Determination Date and as such is not pre-defined at the date of issue of the Securities. The Interest Rate on Reset Dates in relation to a relevant Interest Period may be different from the initial Rate of Interest or from an Interest Rate applicable to a previous Interest

Period and may adversely affect the yield of the Securities. See also "*Changes or uncertainty in respect of EURIBOR may affect the value or payment of interest under the Securities*" below.

Credit ratings

Credit ratings are expected to be assigned to the Securities by S&P and Fitch (see cover page of this Offering Memorandum for more information). Other independent credit rating agencies could decide to assign credit ratings to the Securities and such credit ratings may be higher than, the same as or lower than the credit rating provided by S&P and Fitch. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Securities. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency. A revision, suspension or withdrawal of a rating may adversely affect the market price of the Securities.

Credit ratings do not imply that interest will be paid

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

An active trading market for the Securities may not develop

The Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Securities easily or at prices that provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of the Securities. Although application has been made for the Securities to be listed on Euronext Dublin and admitted to the Official List and trading on its Global Exchange Market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Securities. The Issuer is entitled, under certain circumstances, to buy the Securities, which shall then be cancelled or caused to be cancelled, and to issue further Securities. Such transactions may favourably or adversely affect the price development of the Securities. If additional and competing products are introduced in the markets, this may adversely affect the value of the Securities.

Potential Conflicts of Interest

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

Modification and waivers

The Conditions contain provisions for calling meetings of holders of Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Securities including holders of Securities who did not attend and vote at the relevant meeting and holders of Securities who voted in a manner contrary to the majority. The Conditions also provide that, subject to obtaining the permission therefor from the Relevant Supervisory Authority, the Fiscal Agent and the Issuer may amend the Conditions, where such modification is of a formal, minor or technical nature or is made to correct a manifest error or which, in the sole opinion of the Issuer, is not materially prejudicial to the interests of the holders of the Securities, without the consent of holders of Securities.

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

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

Change of law

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

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

Future regulatory proposals may also impose further restrictions on the Issuer’s ability to make payments on the Securities. These issues and other possible issues of interpretation make it difficult to determine whether a Regulatory Event will occur or whether scheduled interest payments will be made on the Securities. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Securities.

Taxation

Payments of interest on the Securities, or profits realised by the Holder upon the disposal or repayment of the Securities, may be subject to taxation or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Securities are transferred or in other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Securities. Potential investors are advised not to rely upon the tax description contained in this Offering Memorandum but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Securities. Only these advisers are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Offering Memorandum.

A Holder's effective yield on the Securities may be diminished by the tax impact on that Holder of its investment in the Securities.

Deductibility of payments on the Securities

As of 1 January 2014 up to and including 31 December 2018, Article 29a of the Dutch corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*, **CITA**) was into force which Article provided for, among others, debt treatment of securities that qualify as additional Tier 1-capital under Article 94 of the Solvency II in respect of the determination of the profit for Dutch corporate income tax purposes. In addition, Article 29a CITA determined that such securities do not qualify as a loan within the meaning of Article 10, paragraph 1, under d CITA. As a result, the interest payments on additional Tier 1-capital were not limited in deductibility on the basis of Article 10, paragraph 1 under d CITA. Provided no other specific interest deduction limitation rule of the CITA applied, the interest payments on additional Tier 1-capital were deductible for Dutch corporate income tax purposes pursuant to the CITA. However, as of 1 January 2019, Article 29a CITA has been abolished. The assumed view of the Dutch government is that without Article 29a CITA the interest due in respect of the Securities will not be deductible for Dutch corporate income tax purposes. The assumed view of the Dutch government is based on the position that the Securities do not qualify as a debt instrument (*vreemd vermogen*) for Dutch civil law purposes. This position is not undebated and may be subject to legal challenge. Currently, the deductibility of the interest payments on the Securities for Dutch corporate income tax purposes is therefore uncertain. Should it be determined by the Issuer, the Dutch tax authorities or a judicial authority that based on the Dutch tax legislation in force as of the date of this Offering Memorandum the interest payments on additional Tier 1-capital, such as the Securities, would not be deductible for Dutch corporate income tax purposes, this would not give rise to a Tax Deductibility Event and would not give the Issuer the right to redeem the Securities. However, should the Dutch government, the Dutch tax authorities or a judicial authority determine and explicitly state that, based on the Dutch tax legislation in force as of the date of this Offering Memorandum, interest on additional Tier 1-capital would be deductible for Dutch corporate income tax purposes and this statement would be followed by the enactment of Dutch tax legislation after the date of this Offering Memorandum which would explicitly result in a non-deductibility of interest on additional Tier 1-capital, such as the Securities, this may cause the Issuer to redeem the Securities at the earliest possible date.

Dutch withholding tax on payments in respect of the Securities

The absence of any Dutch withholding tax on payments in respect of the Securities, as referred to in the paragraph "Withholding Tax" in the Taxation chapter, is based, amongst others, on public statements made by the Dutch Secretary of Finance and the Dutch Deputy Secretary of Finance confirming that no withholding tax is payable on payments under Tier 1-capital instruments. If the Dutch Secretary of Finance and the Dutch Deputy Secretary of Finance change their position in respect of interest payments on Tier 1-capital instruments and if the interest payments by the Issuer on the Securities would be subject to withholding tax imposed by the Netherlands, the Issuer may redeem the Securities pursuant to Condition 6.7 (*Redemption following a Gross-Up Event*).

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

Dutch tax risks related to the Tax Plan 2020

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

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

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

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

Risks related to a reduced corporate income tax rate

The current Dutch corporate income tax rate includes two brackets: the first EUR 200,000 of taxable profits is currently taxed at 19% and the remainder of taxable profits is taxed at 25%. On the basis of the Tax Plan 2020 (see also '*Dutch tax risks related to the Tax Plan 2020*' above), these tax rates will be set at 16.5% and 25% in 2020 and 15% and 21.7% respectively in 2021. The change in tax rates could potentially have an impact on the deferred tax position and the loss absorbing capacity of deferred tax (**LACDT**) of the Issuer.

Proposed financial transaction tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the **Participating Member States**). In March 2016, Estonia indicated its withdrawal from the enhanced cooperation.

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

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Securities provided that at least one party to the transaction is established or deemed established in a Participating Member State and that there is a financial institution established or deemed established in a Participating Member State which is party to the transaction, acting either for its own account or for the account of another person, or acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the Commission's Proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or other Participating Member States may decide to withdraw.

Prospective investors should consult their own tax advisers in relation to the consequences of the FTT associated with purchasing and disposing of the Securities.

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 (a) the Securities are legal investments for it, (b) Securities can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledging of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

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

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

2. RISKS RELATING TO THE STRUCTURE OF THE SECURITIES

The Securities are deeply subordinated obligations of the Issuer

The Issuer's obligations under the Securities will constitute unsecured and subordinated obligations of the Issuer.

If any of the following events occur: (i) insolvency (*faillissement*) of the Issuer, (ii) moratorium (*surseance van betaling*) being applied to the Issuer, (iii) dissolution (*ontbinding*) or (iv) liquidation (*vereffening*) of the Issuer (being an Issuer Winding-Up), the payment obligations of the Issuer under the Securities shall rank junior to the rights and claims of creditors in respect of Senior Obligations of the Issuer (and payment to holders of the Securities may only be made and any set-off by holders of the Securities shall be excluded until all obligations of the Issuer in respect of such Senior Obligations have been satisfied) but, as the case may be, *pari passu* with claims in respect of Parity Obligations and senior to claims in respect of any Junior Obligations.

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

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

The Securities are perpetual securities and have no fixed maturity date or fixed redemption date and are not redeemable at the option or election of the Holders. Although the Issuer may, under certain circumstances described in Condition 6 (*Redemption and Purchase*), redeem the Securities, the Issuer is under no obligation to do so and Holders have no right to call for the Issuer to exercise any right it may have to redeem the Securities.

Therefore, Holders have no ability to exit their investment, except (i) in the event of the Issuer exercising its right to redeem or repurchase the Securities in accordance with the Conditions, (ii) by selling their Securities, or (iii) upon an Issuer Winding-Up, in which limited circumstances the Holders may receive some of any resulting liquidation proceeds following payment being made in full to all senior and more senior subordinated creditors. The proceeds, if any, realised in an Issuer Winding-Up may be substantially less than the Prevailing Principal Amount of the Securities or the price paid by an investor for the Securities. See also "*An active trading market for the Securities may not develop*" above.

There are no events of default under the Securities

The Conditions of the Securities do not provide for events of default allowing acceleration of the Securities if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Securities, 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 Holders for recovery of amounts owing in respect of any payment of principal or interest on the Securities will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Payments by the Issuer are conditional upon the Issuer being solvent

All payments in respect of or arising from (including any damages for breach of any obligations under) the Securities shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be payable by the Issuer in respect of or arising from (including any damages for breach of any obligations under) the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For these purposes, the Issuer will be solvent if (i) it is able to pay its debts owed under its Senior Obligations if they fall due and (ii) its Assets exceed its Liabilities. Any payment of interest that would have been due but for the inability to comply with the Solvency Condition shall be cancelled pursuant Condition 4.4(b) (*Mandatory Interest Cancellation*).

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

Interest on the Securities is due and payable on each Interest Payment Date subject to Condition 4.4(b) (*Mandatory Interest Cancellation*). In addition the Issuer may at its sole and absolute discretion at any time elect to cancel any Interest Payment, in whole or in part, which would otherwise be payable on any Interest Payment Date. At the time of publication of this Offering Memorandum, it is the intention of the Executive Board to consider the relative ranking of any restricted Tier 1 securities in issue (including the Securities) in the capital structure whenever exercising its discretion as to whether or not to declare dividends or pay interest, in line with the capital adequacy policy applicable at that time. Under the current capital adequacy policy, the Executive Board will draft a dividend proposal under the condition that solvency levels for the Group at the end of the calendar year are above the 130% level, calculated via the approved Partial Internal Model (**PIM**), provided that, in principle, the solvency levels of the supervised entities other than health entities are above their minimum solvency targets. However, this percentage may change (upwards or downwards) at any time and the Executive Board may depart from this approach at any time at its sole discretion.

Any Interest Payment (or relevant part thereof) which is cancelled shall not accumulate and shall not become due and payable at any time thereafter. In the event of such cancellation, Holders will have no rights in respect of the Interest Payment (or relevant part thereof) which is cancelled. In addition, cancellation or non-payment of Interest in accordance with the Conditions shall not constitute a default or event of default under the Securities for any purpose and does not give Holders any right to take any enforcement action under the Securities.

Any actual or perceived increased likelihood of cancellation of any Interest Payment may affect the market value of an investment in the Securities.

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

The Issuer must cancel any Interest Payment on the Securities pursuant to Condition 4.4(b) (*Mandatory Interest Cancellation*) in the event that, *inter alia*, the Issuer cannot make the payment in compliance with the Solvency Condition, the Solvency Capital Requirement or the Minimum Capital Requirement, or where the Interest Payment would, together with any Additional Amounts payable with respect thereto, exceed the amount of the Issuer's Distributable Items as at the time for payment.

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

Any actual or perceived increased likelihood of cancellation of any Interest Payment may affect the market value of an investment in the Securities.

Restricted remedy for non-payment when due

Any failure by the Issuer to pay interest when it is scheduled to be paid (or at all) or principal when due in respect of the Securities shall not constitute an event of default and does not give holders of the Securities any right to demand repayment of the principal amount of the Securities. If the Issuer is liquidated (as a result of the winding-up of the Issuer (*ontbinding en vereffening*) or bankruptcy (*faillissement*) of the Issuer, any holder of a Security may declare each Security held by that holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Prevailing Principal Amount and any accrued but unpaid interest from the previous Interest Payment Date up to (but excluding) the date of repayment. No other remedy against the Issuer shall be available to the Holders, whether for recovery of amounts owing in respect of the Securities or in respect of any breach by the Issuer of any of its obligations under or in respect of the Securities.

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

The Securities may trade, and/or the prices for the Securities may appear, in trading systems with accrued interest. Purchasers of Securities in the secondary market may pay a price which reflects such accrued interest on purchase of the Securities. If an Interest Payment is cancelled (in whole or in part), a purchaser of Securities in the secondary market will not be entitled to the accrued interest (or part thereof) reflected in the purchase price of the Securities.

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

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

The ability of the Issuer's operating subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from the Issuer's investments in other entities is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer's operating subsidiaries, which could in time restrict the Issuer's ability to fund other operations or to maintain or increase its Issuer's Distributable Items. The Issuer's Distributable Items as of 31 December 2018 for the Issuer amount to EUR 6,752 million.

No restriction on dividends

The Conditions of the Securities do not contain any restriction on the ability of the Issuer to pay dividends on or repurchase its ordinary shares. This could decrease the profits that are available for distribution and therefore increase the likelihood of a cancellation of payments of interest.

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

Various interest rate benchmarks (including the London Inter-Bank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (EURIBOR)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective, including Regulation (EU) No. 2016/1011 (the **Benchmark Regulation**) whilst others are still to be implemented.

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

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (**FCA**) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the FCA Announcements). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (**SONIA**) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

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

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

The Benchmark Regulation could have a material impact on the Securities, as the from the First Call Date, the Interest Rate is based on the 5-year Mid-Swap Rate which includes a floating leg based on the six-month EURIBOR rate and which is deemed to be a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmark Regulation. Pursuant to the fall-back provisions applicable to the Securities, an Independent Adviser appointed by the Issuer in accordance with Condition 4.2 shall determine whether an Alternative Benchmark Rate is available which will determine the way in which the interest rate is set. If the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine an Alternative Benchmark Rate, then the Issuer (in consultation with the Fiscal Agent or the Independent Adviser where appointed but unable to determine whether a Benchmark Rate is available and acting in good faith and a commercially reasonable manner) may determine which rate (if any) has replaced the 5 Year Mid-Swap Rate in customary market usage for purposes of determining a 5-year mid-swap rate denominated in Euro, or, if it determines that there is no such rate, which rate (if any) is most comparable to the 5 Year Mid-Swap Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer. This may lead to a conflict between the interests of the Issuer and the holders of the Securities. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility or the level of the published rate or level of the "benchmark".

Furthermore, if an Alternative Benchmark Rate is determined by the Independent Adviser or the Issuer in consultation with the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Alternative Benchmark Rate, without any requirement for consent or approval of the holders of the Securities.

If an Alternative Benchmark Rate is determined by the Independent Adviser or the Issuer, the Conditions also provide that an adjustment factor may be determined by such Independent Adviser or the Issuer, following consultation with the Independent Adviser, to be applied to such Alternative Benchmark Rate. The aim of such adjustment factor is to make the Alternative Benchmark Rate comparable to a 5-year mid-swap rate based on the 6-months EURIBOR rate.

Furthermore, if the operation of the fall-back provisions would cause the Securities to cease qualifying as Tier 1 Own Funds by reason of the level of the substitute or successor rate, the Margin will be adjusted to such extent as is necessary to ensure continued qualification as Tier 1 Own Funds, provided that the Margin shall never be negative. Finally, no substitute or successor rate will be adopted, nor will any other amendment to the terms of the Securities be made, if and to the extent that the same would cause the Securities to cease qualifying as Tier 1 Own Funds of the Issuer or as other equivalent regulatory capital of the Issuer under the Applicable Regulations.

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

The Benchmark Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorised, recognised or endorsed, as applicable, in accordance with the Benchmark Regulation. There is a risk that administrators (which may include the Issuer and the Independent Adviser in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorization, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark. As a result, a fixed rate based on the rate which was last observed on the relevant Screen Page, may apply to the Securities until the time that registration, authorised registration or endorsement of the relevant administrator has been completed or as substitute or successor rate for EURIBOR is available.

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

Moreover, any significant change to the setting or existence of EURIBOR could affect the ability of the Issuer to meet its obligations under the Securities and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Securities.

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

The principal amount of the Securities may be reduced to absorb losses and Holders may lose all or some of their investment as a result of a Write-Down

If a Trigger Event has occurred then the Issuer shall write down each Security by reducing the Prevailing Principal Amount of such Security (in whole or in part, as applicable) by the Write-Down Amount on the Write-Down Date in accordance with the Write-Down procedure as further described in the "*Terms and Conditions of the Securities – Principal Loss Absorption*". Investors should note that, in the case of any such reduction to the Prevailing Principal Amount of each Security pursuant to the "*Terms and Conditions of the Securities – Principal Loss Absorption*", the Issuer's determination of the relevant amount of such reduction shall be binding on the Holders.

The Issuer’s current and future outstanding junior securities might not include Write-Down or similar features with triggers comparable to those of the Securities. As a result, it is possible that the Securities will be subject to a Write-Down, while other junior securities remain outstanding and continue to receive payments. The Issuer may determine that a Trigger Event has occurred on more than one occasion and each Security may be Written Down on more than one occasion, it being specified that the Prevailing Principal Amount of a Security can be reduced to EUR 0.01. Discretionary Reinstatement may apply at the full discretion of the Issuer, provided that certain conditions are met. However, Condition 7.3 (*Discretionary Reinstatement*) in relation to Discretionary Reinstatement shall not apply to the extent that the existence of such provision would cause the occurrence of a Trigger Event. The Issuer’s ability to write-up the Principal Prevailing Amount of the Securities will depend on several conditions. No assurance can be given that these conditions will be met. In addition, the Issuer will not in any circumstances be obliged to write-up the Principal Prevailing Amount of the Securities. Any decision by the Issuer to effect or not to effect any Discretionary Reinstatement on any occasion shall not preclude it from effecting or not effecting any Discretionary Reinstatement on any other occasion.

Further, if the Prevailing Principal Amount of the Securities has been Written Down, interest shall accrue on such Written Down Prevailing Principal Amount in accordance with the Conditions as from the relevant Write-Down Date and the Securities will be redeemable for tax reasons, or upon a Ratings Methodology Event or a Regulatory Event or as a result of the Issuer exercising the clean-up call described in Condition 6.13 (*Clean-up Redemption*) (the **Clean-up Call**) at the Prevailing Principal Amount, which will be lower than the Initial Principal Amount.

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

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

Event, (iii) following the occurrence of a Regulatory Event or (iv) following the occurrence (or there will occur within six months) a Ratings Methodology Event or (v) as a result of the Issuer exercising the Clean-up Call.

The Securities may therefore be subject to early redemption if there is any change to the deductibility of interest payments made on the Securities or withholding taxes were to apply as a result of a change in Dutch tax law or regulations or in their application or interpretation by the Dutch tax authorities. See also "*Dutch withholding tax on payments in respect of the Securities"* and "*Dutch tax risks related to the Tax Plan 2020"* above.

The Applicable Regulations as at the date of this Offering Memorandum provide that the Relevant Supervisory Authority should not permit the redemption of Tier 1 Own Funds in the first five years of their issue other than in relation to unforeseen events such as an unforeseen change in the Applicable Regulations. There may be material changes or additions to the Applicable Regulations in the future and it is not possible to foresee what those changes might be and whether they would change the requirements applicable to the Securities. The Issuer may therefore have a redemption right following the Issue Date, including as a result of any amendments to the Applicable Regulations, amongst others as described above in *"Because each of the Issuer and the Group operates in a highly regulated industry, changes in statutes, regulations and regulatory policies that govern activities in its various business lines could have an effect on its operations and its net profits"*.

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

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

The SCR Ratio and Minimum Capital Requirement ratio will be affected by the Issuer's business decisions and, in making such decisions, the Issuer's interests may not be aligned with those of the Holders

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

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

A Trigger Event shall occur if the Issuer determines that any of the following has occurred: (a) the amount of Own Fund Items eligible to cover the solvency capital requirement of the Issuer determined under the Applicable Regulations is equal to or less than 75 per cent. of the Solvency Capital Requirement; or (b) the amount of Own Fund Items eligible to cover the Minimum Capital Requirement of the Issuer determined under the Applicable Regulations is equal to or less than the Minimum Capital Requirement; or (c) the amount of Own Fund Items eligible to cover the Solvency Capital Requirement of the Issuer has been equal to or less than the Solvency Capital Requirement for a continuous period of three months (commencing on the date on which non-compliance with such Solvency Capital Requirement was first observed).

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

Redemption or purchase of the Securities must, under certain circumstances, be deferred

Notwithstanding that a notice of redemption has been delivered to Holders, the Issuer must defer redemption of the Securities on any date set for redemption of the Securities pursuant to Condition 6 (*Redemption and Purchase*) in the event that, *inter alia*, the Issuer cannot make the redemption payments in compliance with the Solvency Condition, the Solvency Capital Requirement, the Minimum Capital Requirement or the Regulatory Clearance Condition, an Insolvent Insurer Liquidation or any other requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the Relevant Supervisory Authority have not been complied with following the proposed redemption or purchase (and will not continue to be complied with following the proposed redemption or purchase) has occurred and is continuing.

The deferral of redemption of the Securities does not constitute a default under the Securities for any purpose and does not give Holders any right to take any enforcement action under the Securities. Where redemption of the Securities is deferred, the Securities will be redeemed by the Issuer on the earlier of (a) the date falling 10 Business Days after the date on which the Redemption and Purchase Conditions are met or otherwise waived pursuant to Condition 6.3 (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by Relevant Supervisory Authority*), (b) the date falling 10 Business Days after the date on which the Relevant Supervisory Authority has agreed to the repayment, redemption purchase, as applicable, of the Securities or (c) the date on which an Issuer Winding-Up occurs.

Any actual or anticipated deferral of redemption of the Securities will likely have an adverse effect on the market price of the Securities. In addition, as a result of the redemption deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities without such deferral feature, including dated securities where redemption on the scheduled maturity date cannot be deferred, and the Securities may accordingly be more sensitive generally to adverse changes in the Issuer's financial condition.

Limitation on gross-up obligations under the Securities

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

As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Securities to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Securities, Holders may receive less than the full amount due under the Securities, and the market value of the Securities may be adversely affected.

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

There is no restriction in the Securities on the amount of debt which the Issuer or members of the Issuer's Group may issue or guarantee. In addition, the Securities do not contain a negative pledge preventing the Issuer from issuing debt which is secured on assets or revenues of the Group. The Issuer and its subsidiaries may therefore incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including secured indebtedness and/or indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Securities. If the Issuer were liquidated (whether voluntarily or not), secured claims and claims of creditors ranking senior to Holders would be paid out in priority to Holders claims and Holders could thus suffer loss of their entire investment.

Restrictions on right to set-off

Subject to applicable law, no Holder who is indebted to the Issuer will be entitled to exercise any right of set-off or counterclaim against moneys owed to the Issuer in respect of such indebtedness.

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

Solvency II requirements adopted in the Netherlands, whether as a result of further changes to Solvency II, such as those described above under "*Because each of the Issuer and the Group operates in a highly regulated industry, changes in statutes, regulations and regulatory policies that govern activities in its various business lines could have an effect on its operations and its net profits*", or changes to the way in which the Relevant Supervisory Authority interprets and applies these requirements to the Dutch insurance industry, may change. Any such changes, either individually and/or in aggregate, may lead to further unexpected requirements in relation to the calculation of the Solvency Capital Requirement of the Group, and such changes may make the Group's regulatory capital requirements more onerous. Such changes that may occur in the application of Solvency II in the Netherlands subsequent to the date of this Offering Memorandum and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the required characteristics of Tier 1 Own Funds or the calculation of the Solvency Capital Requirement or the Minimum Capital Requirement of the Group and thus increase the risk of cancellation of Interest Payments and/or deferral of the repayment of the Prevailing Principal Amount of the Securities or, conversely, increase the risk of the occurrence of a Regulatory Event and subsequent redemption of the Securities by the Issuer or the occurrence of a Trigger Event and subsequent Write-Down of the Securities by the Issuer, as a result of which a Holder could lose all or part of the value of its investment in the Securities.

GENERAL DESCRIPTION OF THE SECURITIES

This overview is a general description of the Securities and is qualified in its entirety by the remainder of this Offering Memorandum. For a more complete description of the Securities, including definitions of capitalised terms used but not defined in this section, please see "Terms and Conditions of the Securities".

Issuer:	Achmea B.V.
Description:	EUR500,000,000 Perpetual Restricted Tier 1 Temporary Write-Down Securities (the **Securities**).
Structuring Advisor:	Deutsche Bank AG, London Branch
Joint Global Coordinators:	Deutsche Bank AG, London Branch and HSBC Bank plc
Joint Lead Managers:	Barclays Bank PLC, BNP Paribas, Coöperatieve Rabobank U.A., Deutsche Bank AG, London Branch, HSBC Bank plc, NatWest Markets N.V. and UniCredit Bank AG
Fiscal Agent, Principal Paying Agent and Calculation Agent:	Deutsche Bank AG, London Branch
Aggregate Principal Amount:	EUR500,000,000
Denomination:	The Securities will be issued in denominations of EUR200,000 each and integral multiples of EUR1,000 in excess thereof up to (and including) EUR399,000. **Initial Principal Amount** means the principal amount of each Security at the Issue Date being EUR200,000 and integral multiples of EUR1,000 in excess thereof up to (and including) EUR399,000, without having regard to any subsequent Write-Down or Discretionary Reinstatement. **Prevailing Principal Amount** means the Initial Principal Amount as reduced from time to time by any Write-Down and as increased from time to time by any Discretionary Reinstatement.
Issue Date:	24 September 2019
Issue Price:	100 per cent.
Perpetual Securities:	The Securities are perpetual instruments in respect of which there is no maturity or redemption date. The Issuer shall be entitled to redeem the Securities only in accordance with the provisions below, and the Holders shall have no right to require the Issuer to redeem or purchase the Securities in any circumstances.

Form of Securities:	The Securities will be issued in bearer form and shall have denominations of EUR200,000 and integral multiples of EUR1,000 in excess thereof, up to and including EUR399,000. The Securities will initially be represented by a temporary global security, without interest coupons, which will be deposited on or about the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.
Status of the Securities:	The Securities will constitute unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The rights and claims of the Holders against the Issuer are subordinated as described in Condition 3.2 (*Subordination*). Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities and each Holder of a Security shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.
Negative Pledge:	None
No Events of Default:	There are no events of default in respect of the Securities. However, any Holder may give written notice to the Fiscal Agent at its specified office that its Security is immediately due and payable at its Prevailing Principal Amount, together with accrued but not cancelled interest thereon, if any, to the date of payment, in the event of a liquidation of the Issuer. Liquidation may occur as a result of the winding-up of the Issuer (*ontbinding en vereffening*) or bankruptcy (*faillissement*) of the Issuer.
Interest Rate:	The Securities will bear interest at a rate per annum, equal to (subject as described in the Conditions) (i) from (and including) the Issue Date up to (but excluding) the First Reset Date 4.625 per cent. and (ii) thereafter a fixed rate of interest which will be reset on the First Reset Date and on each Reset Date thereafter as the sum of the then applicable 5 Year Mid-Swap Rate in relation to that Reset Period, plus the Margin (being 4.780 per cent. per annum), converted to a semi-annual rate in accordance with market convention (rounded to three decimal places with 0.0005 rounded upwards), payable semi-annually in arrear on each Interest Payment Date.
Margin:	4.780 per cent. per annum
Reset Dates:	The First Reset Date, the fifth (5^{th}) anniversary thereof and each subsequent fifth (5^{th}) anniversary thereof.
Interest Payment Dates:	Means 24 March and 24 September in each year, commencing on 24 March 2020.
Cancellation of Interest Payments:	If the Issuer does not make an Interest Payment (or part thereof) on the relevant Interest Payment Date, such non-payment shall evidence: (i) the cancellation of such Interest Payment in accordance with the

provisions described under "Mandatory Cancellation of Interest Payments" below; or

(ii) the Issuer's exercise of its discretion otherwise to cancel such Interest Payment (or relevant part thereof) as described under "Optional Cancellation of Interest Payments" below.

Mandatory Cancellation of Interest Payments:

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

(i) the Solvency Condition is not met at the time for payment of such Interest Payment, or would cease to be met immediately following, and as a result of making, such Interest Payment; or

(ii) the Issuer has determined that there is non-compliance with the Solvency Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such Interest Payment; or

(iii) the Issuer has determined that there is non-compliance with the Minimum Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such Interest Payment; or

(iv) the amount of such Interest Payment, when aggregated together with any Additional Amounts payable with respect thereto, any interest payments or distributions which have been made or which are scheduled simultaneously to be paid or made on all Tier 1 Own Funds (excluding any such payments which do not reduce the Issuer’s Distributable Items and any payments already accounted for in determining the Issuer’s Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment.

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

(A) the Relevant Supervisory Authority has exceptionally waived the cancellation of the Interest Payment; and

(B) that Interest Payment would not further weaken the solvency position of the Issuer and/or the Group; and

(C) the Minimum Capital Requirement will be complied with immediately after such Interest Payment is made; and

(D) the Mandatory Interest Cancellation Event is of the type described in paragraph Condition 4.3(b)(ii) (Mandatory Interest Cancellation) only.

Distributable Items: Means, with respect to and as at any Interest Payment Date, without double-counting, an amount equal to:

(i) the retained earnings and the distributable reserves of the Issuer, calculated on an unconsolidated basis, as at the last calendar day of the then most recently ended financial year of the Issuer; plus

(ii) the profit for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date; less

(iii) the loss for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date,

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

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

Write-Down upon Trigger Event: If a Trigger Event occurs:

(i) any interest which is accrued and unpaid up to (and including) the Write-Down Date (whether or not such interest has become due for payment) shall be automatically cancelled (it being specified that such cancellation shall not constitute a default or event of default of the Issuer for any purpose); and

(ii) the Issuer shall promptly (and without the need for the consent of the Holders) write down the Securities by reducing the Prevailing Principal Amount by the Write-Down Amount (such action a **Write-Down** and **Written Down** being construed accordingly).

Any such Write-Down shall be applied in respect of each Security equally.

A Write-Down of the Securities shall not constitute a default or event of default in respect of the Securities or a breach of the Issuer’s obligations or duties or a failure to perform by the Issuer in any manner whatsoever, and shall not entitle Holders to petition for the insolvency or dissolution of the Issuer or to take any other action.

Following a Write-Down, Holders will be automatically deemed to waive irrevocably their rights to receive, and no longer have any rights against the Issuer with respect to, any principal amount by which the Securities have been Written-Down, save with respect to any amount subsequently reinstated pursuant to Condition 7.3 (*Discretionary Reinstatement*).

See Condition 7 (*Principal Loss Absorption*) for further information.

Trigger Event: A **Trigger Event** shall be deemed to have occurred if, at any time, the Issuer determines that any of the following has occurred:

(a) the amount of Own Fund Items eligible to cover the Solvency Capital Requirement of the Issuer determined under the Applicable Regulations is equal to or less than 75 per cent. of the Solvency Capital Requirement; or

(b) the amount of Own Fund Items eligible to cover the Minimum Capital Requirement of the Issuer determined under the Applicable Regulations is equal to or less than the Minimum Capital Requirement; or

(c) the amount of Own Fund Items eligible to cover the Solvency Capital Requirement of the Issuer has been equal to or less than the Solvency Capital Requirement for a continuous period of three months (commencing on the date on which non-compliance with such Solvency Capital Requirement was first observed).

Write-Down Amount: **Write-Down Amount** is the amount of the write-down of the Prevailing Principal Amount of the Securities on the applicable Write-Down Date and will be equal to, at the determination of the Issuer:

(i) the amount that would reduce the Prevailing Principal Amount to EUR 0.01, if the relevant Trigger Event has occurred pursuant to a) or b) of the Trigger Event definition to the extent required by the Applicable Regulations that apply at the time of the relevant Trigger Event, or as otherwise required pursuant to alternative requirements under the Applicable Regulations; or

(ii) together with the pro rata conversion or partial write-down of all other Loss Absorbing Tier 1 Instruments of the Issuer when compared with the Prevailing Principal Amount:

(a) the amount necessary to restore the SCR Ratio to 100%, to the extent it is below 100%; or

(b) if the SCR Ratio cannot be restored to 100%, then the amount necessary on a linear basis to reflect the SCR Ratio where the Prevailing Principal Amount would be equal to (x) zero if the SCR Ratio were 75% and (y) the Initial Principal Amount if the SCR Ratio were 100%; or

(c) any higher amount that would be required by the Applicable Regulations in force at the time of the Write-Down;

for each paragraph (a), (b) and (c) above, only if the relevant Trigger Event has occurred pursuant solely to c) of the Trigger Event definition and if such Write-Down Amount is permitted by the Applicable Regulations that apply at the time of the Trigger Event. If it were not permitted by the Applicable Regulations paragraph (i) will apply.

Discretionary Reinstatement: Following any reduction of the Prevailing Principal Amount pursuant to Condition 7 (*Principal Loss Absorption*), the Issuer may to the extent permitted by the Applicable Regulations applicable at the relevant time and provided that Condition 7.3 (*Discretionary Reinstatement*) would not cause the occurrence of a Regulatory Event, at its full discretion, increase the Prevailing Principal Amount of the Securities (a **Discretionary Reinstatement**) on one or more occasions on any date and in any amount that it determines in its discretion (either to the Initial Principal Amount or to any lower amount) provided that:

(A) the Issuer has restored compliance with the Solvency Capital Requirement and any Discretionary Reinstatement would not cause a Trigger Event to occur or the Solvency Condition to be breached;

(B) the Discretionary Reinstatement is not activated by reference to own fund items issued or increased in order to restore compliance with the Solvency Capital Requirement of the Issuer;

(C) the Discretionary Reinstatement occurs only (i) on the basis of Net Profits (a) that contribute to Distributable Items made subsequent to the restoration of compliance with the Solvency Capital Requirement of the Issuer (b) as adjusted to give due consideration to the resulting change in own funds of the Issuer and provided that the Issuer’s Own Fund Items will not be lower as a result of the Discretionary Reinstatement than the Issuer’s Own Items would be on the same date if the equivalent amount of Net Profits were allocated to retained earnings of the Issuer and (ii) in a manner that does not undermine the loss absorbency intended by Article 71(5) of the Solvency II Regulation and does not hinder recapitalisation as required by Article 71(1)(d) of the Solvency II Regulation;

(D) the Issuer shall take such decision relating to a Discretionary Reinstatement with due consideration to the overall financial and/or solvency condition of the Issuer (including, but not limited to, the Issuer's dividend policy and capital adequacy policy in effect at the time and its most recent medium term capital management plan incorporating relevant stress scenarios) in accordance with the Applicable Regulations at such time, and subject to a guideline of 6.1 per cent. of such Net Profits as described in limb (C) above (such guideline being, the **Relevant Proportion**);

(E) this will not result in the Prevailing Principal Amount of the Securities being greater than the Initial Principal Amount; and

(F) any Discretionary Reinstatement will be made on a pro rata basis among other Loss Absorbing Tier 1 Instruments of the Issuer that have been subject to a temporary write-down and only to the extent that this does not worsen the SCR Ratio of the Issuer.

A Discretionary Reinstatement may occur on one or more occasions until the Prevailing Principal Amount of the Securities has been reinstated to the Initial Principal Amount. Any decision by the Issuer to effect or not to effect any Discretionary Reinstatement on any occasion shall not preclude it from effecting or not effecting any Discretionary Reinstatement on any other occasion.

Any Discretionary Reinstatement shall be applied in respect of each Security equally.

The Issuer shall inform the Relevant Supervisory Authority of any Discretionary Reinstatement and Notice of any Discretionary Reinstatement shall be given to the Holders and to Euronext Dublin in accordance with Condition 10 (*Notices*) as soon as possible and no later than five Business Days prior to the date on which such Discretionary Reinstatement becomes effective.

See Condition 7.3 (*Discretionary Reinstatement*) for further information, including regarding the determination of, and adjustments to, the Relevant Proportion.

Taxation: Payments on the Securities shall be made without withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Netherlands or any political subdivision thereof unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will, subject to certain exceptions set out in Condition 8 (*Taxation*), pay such additional amounts in respect of Interest Payments, but not in respect of any payments of principal, as may be necessary in order that the net payment received by each Holder in respect of the Securities, after the withholding or deduction shall equal the amount which would have been received in the absence of any such withholding or deduction.

Redemption at the option of the Issuer: Provided that the Redemption and Purchase Conditions are met, the Issuer may, upon notice to Holders and the Fiscal Agent, at its option, redeem all (but not some only) of the Securities, at any time from the First Call Date to and including the First Reset Date and on any Interest Payment Date thereafter at their Prevailing Principal Amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

Redemption at the option of the Issuer for taxation reasons: Subject to certain conditions, if:

(A) as a result of a Gross-Up Event which becomes effective on or after the Issue Date, on the next payment of interest due in respect of the Securities the Issuer would be required to pay Additional Amounts; or

(B) as a result of a Tax Deductibility Event which becomes effective on or after the Issue Date, payments of interest payable by the Issuer in respect of the Securities would no longer be deductible in whole or in part,

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

Redemption, exchange or variation for Rating Reasons:

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

(i) redeem all (but not some only) of the Securities at any time at their Prevailing Principal Amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or

(ii) exchange on any Interest Payment Date all (but not some only) of the Securities for, or vary the terms of the Securities so that they become or remain, Rating Agency Compliant Securities. Any such exchange or variation requires prior approval of the Relevant Supervisory Authority.

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

Redemption, exchange or variation for Regulatory Reasons:

Subject to certain conditions, if at any time a Regulatory Event has occurred and is continuing then the Issuer may, upon notice to Holders and the Fiscal Agent either:

(i) redeem all (but not some only) of the Securities at any time at their Prevailing Principal Amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or

(ii) exchange on any Interest Payment Date all (but not some only) of the Securities for, or vary the terms of the Securities so that in either case the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) constitutes, Qualifying Tier 1 Securities of the Issuer.

A **Regulatory Event** is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by the Relevant Supervisory Authority or any court or authority entitled to do so of) the Applicable Regulations, the Issuer determines that the whole or any part of the Securities is, or within the forthcoming period of six months will likely be, no longer capable of counting as Tier 1 Own Funds for the purposes of the Issuer on a consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

Clean-up Redemption: Subject to certain conditions, the Issuer may, upon notice to Holders and the Fiscal Agent, at any time after the Issue Date redeem all (but not some only) of the Securities at any time at their Prevailing Principal Amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date fixed for redemption if 80% (eighty per cent.) or more of the Securities originally issued (including any further issues pursuant to Condition 13 (*Further Issues*)) has been purchased and cancelled at the time of such election.

Redemption and Purchase Conditions: Subject to certain conditions, the Securities may not be redeemed pursuant to any of the optional redemption provisions or purchased by the Issuer or any of its affiliates if:

(A) the Solvency Condition is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Solvency Condition to be breached; or

(B) the Issuer has determined that the Solvency Capital Requirement is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Solvency Capital Requirement to be breached; or

(C) the Issuer has determined that the Minimum Capital Requirement is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Minimum Capital Requirement to be breached; or

(D) an Insolvent Insurer Liquidation has occurred and is continuing; or

(E) the Regulatory Clearance Condition is not satisfied; or

(F) any additional or alternative requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the Relevant Supervisory Authority have not been complied with following the proposed redemption or purchase (and will continue to not be complied with following the proposed redemption or purchase).

In the case of an optional redemption or any purchase of the Securities by the Issuer referred to in Condition 6 (*Redemption and Purchase*):

(i) that is within five years from the Issue Date, (A) such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Securities or (B) if:

(a) the Relevant Supervisory Authority has confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement, after the repayment or redemption or purchase, will be exceeded by an appropriate margin taking into account the solvency position of the Issuer including the Issuer's medium-term capital management plan as provided in the Applicable Regulations; and

either

(b) a Regulatory Event occurs, and both of the following conditions are met:

(i) the Relevant Supervisory Authority considers the negative impact on the classification of the Securities as described in the definition of Regulatory Event to be sufficiently certain;

(ii) the Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority that the occurrence of a Regulatory Event was not reasonably foreseeable at the time of issuance of the Securities; or

(c) a Gross-Up Event or a Tax Deductibility Event occurs which the Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority is material and was not reasonably foreseeable at the time of issuance of the Securities,

in each case, if the Applicable Regulations make a redemption or purchase conditional thereon; or

(ii) that is after the fifth anniversary of the Issue Date and before the tenth anniversary of the Issue Date, or any other such period prescribed by the Applicable Regulations, the Relevant Supervisory Authority shall have confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement is exceeded by an appropriate margin (taking into account the solvency position of the Issuer including the Issuer's medium-term capital plan), unless such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Securities, in each case, if the Applicable Regulations make a redemption or purchase conditional thereon.

Purchase:	Subject to certain conditions, the Issuer or any of its affiliated entities may at any time purchase Securities in any manner and at any price.
Listing and Admission to trading:	Application has been made to Euronext Dublin for the Securities to be listed on the Official List and admitted to trading on its Global Exchange Market.
Meetings of Holders:	The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.
Rating:	The Securities are expected to be rated BB+ by S&P and BBB- 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 Achmea may adversely affect the market price of the Securities. S&P and Fitch are established in the EU and are registered under the Regulation (EC) No 1060/2009 on credit rating agencies, as amended.
Clearing:	Clearstream Banking S.A. and Euroclear Bank SA/NV
Selling Restrictions:	The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from such registration. The Securities 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 Achmea's ability to fulfil its obligations under the Securities. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities and certain risks relating to the structure of the Securities. These are set out under "*Risk Factors*".
Governing Law:	Dutch law.
Use of proceeds:	The net proceeds of the Securities will be used for the general corporate purposes of the Group (which may include, without limitation, the refinancing of existing debt, including other callable capital securities, and share buy-backs).
ISIN Code	XS2056490423
Common Code	205649042

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Memorandum should be read and construed in conjunction with (i) the audited consolidated annual financial statements of the Issuer (including the notes thereto and the independent auditor's report therein) for the financial year ended 31 December 2017 as is included in the Issuer's Annual Report 2017 (in the English language) on pages 57-178 and 198-206, (ii) the audited consolidated annual financial statements of the Issuer (including the notes thereto and the independent auditor's report therein) for the financial year ended 31 December 2018 as is included in the Achmea Year Report 2018 (in the English language) on pages 42-166 and 185-197 and (iii) the condensed consolidated interim financial statements of the Issuer (including the notes thereto and the independent auditor's review report therein) for the period ended 30 June 2019 as included in the Half Year Report of Achmea B.V. (in the English language) on pages 10-36 (together, the **Documents Incorporated by Reference**), which have been previously published or are published simultaneously with this Offering Memorandum and which have been filed with Euronext Dublin. Such documents shall be incorporated in and form part of this Offering Memorandum, save that any statement contained in the Documents Incorporated by Reference shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Memorandum.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Memorandum.

Copies of documents incorporated by reference in this Offering Memorandum may be obtained without charge from the registered office of the Issuer and www.achmea.com and through the following hyperlinks:

https://www.achmea.nl/en/investors/debt-information/Paginas/default.aspx

2018 Annual Report:

https://www.achmea.nl/SiteCollectionDocuments/Achmea-Annual-Report-2018-part-1-EN.pdf
https://www.achmea.nl/SiteCollectionDocuments/Achmea-Annual-Report-2018-part-2-EN.pdf
https://www.achmea.nl/SiteCollectionDocuments/Achmea-Annual-Report-2018-part-3-EN.pdf

2017 Annual Report*:*

https://www.achmea.nl/SiteCollectionDocuments/Achmea-Annual-Report-2017-part-1.pdf
https://www.achmea.nl/SiteCollectionDocuments/Achmea-Annual-Report-2017-part-2.pdf
https://www.achmea.nl/SiteCollectionDocuments/Achmea-Annual-Report-2017-part-3.pdf

2019 Interim Financial Statements:

https://news.achmea.nl/download/755335/interimfinancialstatements-475881.pdf
https://news.achmea.nl/download/755221/achmeapressrelease-716965.pdf

TERMS AND CONDITIONS OF THE SECURITIES

The terms and conditions of the Securities (each a ***Condition****, and together the* ***Conditions****) will be as follows:*

The issue of the EUR500,000,000 Perpetual Restricted Tier 1 Temporary Write-Down Securities (the **Securities**) issued by Achmea B.V. (the **Issuer**) was authorised by a resolution of the Executive Board passed on 26 August 2019 and by a resolution of the Supervisory Board passed on 5 September 2019. A fiscal, paying and calculation agency agreement dated as of 24 September 2019 (the **Agency Agreement**) has been entered into in relation to the Securities between the Issuer and Deutsche Bank AG, London Branch, as fiscal agent, principal paying agent and calculation agent (together with any substitute fiscal agent or calculation agent, as the case may be, the **Fiscal Agent** or the **Calculation Agent**). Copies of the Agency Agreement are available for inspection during usual business hours at the specified office of the Fiscal Agent.

Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Any reference herein to **Holders** shall mean the holders of the Securities, and shall, in relation to any Securities represented by a global Security, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

1. DEFINITIONS

For purposes hereof, the following definitions shall apply:

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

(i) the mid-swap rate for euro swaps with a term of five (5) years which appears on the Screen Page, to be determined on or about 11:00 a.m. (Central European time) on such Reset Interest Rate Determination Date; or

(ii) if such rate does not appear on the Screen Page at such time on such Reset Interest Rate Determination Date, the Reset Reference Bank Rate on such Reset Interest Rate Determination Date.

Additional Amounts has the meaning ascribed to it in Condition 8.1 (*Payment without withholding*).

Alternative Benchmark Rate has the meaning ascribed to it in Condition 4.2 (*Benchmark replacement*).

Alternative Screen Page has the meaning ascribed to it in Condition 4.2 (*Benchmark replacement*).

Applicable Regulations means, at any time, any legislation, rules, guidelines or regulations (whether having the force of law or otherwise) then applying to the Issuer or the Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II and any legislation, rules, guidelines or regulations of the Relevant Supervisory Authority relating to such matters.

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

Benchmark Event means:

(A) the 5 Year Mid-Swap Rate ceasing be published for a period of at least 5 Business Days or ceasing to exist; or

(B) a public statement by the administrator of the 5 Year Mid-Swap Rate and/or Mid-Swap Floating Leg Benchmark Rate that it will, by a specified date within the following six months, cease publishing the 5 Year Mid-Swap Rate and/or Mid-Swap Floating Leg Benchmark Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the 5 Year Mid-Swap Rate and/or Mid-Swap Floating Leg Benchmark Rate); or

(C) a public statement by the supervisor of the administrator of the 5 Year Mid-Swap Rate and/or Mid-Swap Floating Leg Benchmark Rate that the 5 Year Mid-Swap Rate and/or Mid-Swap Floating Leg Benchmark Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the 5 Year Mid-Swap Rate and/or Mid-Swap Floating Leg Benchmark Rate that means that the 5 Year Mid-Swap Rate and/or Mid-Swap Floating Leg Benchmark Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences for the Fiscal Agent, the Calculation Agent, the Issuer or any other party, in each case within the following six months; or

(E) it has become unlawful for the Fiscal Agent, any paying agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any holder of the Securities using the 5 Year Mid-Swap Rate.

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

Calculation Amount means, initially EUR1,000 in principal amount of each Security, or, following adjustment (if any) downwards in accordance with Condition 7 (*Principal Loss Absorption*), the amount resulting from such adjustment.

Clearstream, Luxembourg has the meaning ascribed to it in Condition 2 (*Denomination, Form and Title of the Securities*).

Coupon has the meaning ascribed to it in Condition 2 (*Denomination, Form and Title of the Securities*).

Couponholder has the meaning ascribed to it in the introduction to these Conditions.

Day Count Fraction means, in respect of any relevant period, the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year.

Discretionary Reinstatement has the meaning ascribed to it in Condition 7.3 (*Discretionary Reinstatement*).

Distributable Items means, with respect to and as at any Interest Payment Date, without double-counting, an amount equal to:

(i) the retained earnings and the distributable reserves of the Issuer, calculated on an unconsolidated basis, as at the last calendar day of the then most recently ended financial year of the Issuer; plus

(ii) the profit for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date; less

(iii) the loss for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date,

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

Euroclear has the meaning ascribed to it in Condition 2 (*Denomination, Form and Title of the Securities*).

Exchanged Securities has the meaning ascribed to it in Condition 6.10 (*Exchange or Variation for Regulatory Reasons*).

Executive Board means the executive board of the Issuer.

Extraordinary Dividend means any cash dividend that is expressly declared by the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to holders of ordinary shares of the Issuer as a class or any analogous or similar term.

Extraordinary Resolution means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained by a majority consisting of not less than 75 per cent. of the persons voting at such meeting upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on such poll.

FATCA Withholding has the meaning ascribed to it in Condition 8.1 (*Payment without withholding*).

First Call Date means 24 March 2029.

First Reset Date means 24 September 2029.

Gross-Up Event has the meaning ascribed to it in Condition 6.7 (*Redemption following a Gross-Up Event*).

Group means the Issuer and its subsidiaries and affiliates taken as a whole.

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

Holder has the meaning ascribed to it in the introduction to these Conditions.

IA Determination Cut-off Date has the meaning ascribed to it in Condition 4.2 (*Benchmark replacement*).

Independent Adviser has the meaning ascribed to it in Condition 4.2 (*Benchmark replacement*).

Initial Principal Amount means the principal amount of each Security at the Issue Date being EUR200,000 and integral multiples of EUR1,000 in excess thereof up to (and including) EUR399,000, without having regard to any subsequent Write-Down or Discretionary Reinstatement.

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

Insurance Undertaking has the meaning ascribed to it in article 13 of the Solvency II Directive.

Interest Payment means in respect of an interest payment on an Interest Payment Date, the amount of interest payable for the relevant Interest Period in accordance with Condition 4 (*Interest*).

Interest Payment Date means 24 March and 24 September in each year, commencing on 24 March 2020.

Interest Period means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

Interest Rate has the meaning ascribed to it in Condition 4.1(a).

Issue Date means 24 September 2019.

Issuer Winding-Up has the meaning ascribed to it in Condition 3.2 (*Subordination*).

Junior Obligations means any present and future classes of share capital of the Issuer, other than any class of preferred share capital that qualifies as a Parity Obligation or as a Senior Obligation, and any present and future unsecured, subordinated obligations of the Issuer which rank, or are expressed to be ranking, junior to its obligations to the Holders in respect of the Securities.

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

Loss Absorbing Tier 1 Instruments means instruments meeting the requirements to be classified as restricted Tier 1 Own Funds under the Solvency II Regulation.

Mandatory Interest Cancellation Event has the meaning ascribed to it in Condition 4.4(b) (*Mandatory Interest Cancellation*).

Margin means 4.780 per cent. per annum.

Mid-Swap Floating Leg Benchmark Rate has the meaning ascribed to it in Condition 4.2 (*Benchmark replacement*).

Mid-Swap Rate Quotations means the arithmetic mean of the bid and ask rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

(i) has a term of 5 years commencing on the relevant Reset Date;

(ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and

(iii) has a floating leg based on the six-month EURIBOR rate (calculated on an Actual/360 day count basis).

Minimum Capital Requirement

(a) means the consolidated group Solvency Capital Requirement as referred to in the second subparagraph of Article 230(2) of the Solvency II Directive; or

(b) has any other meaning as may be given thereto under the Applicable Regulations;

Net Profits means the net profits of the Group as set out in the audited annual accounts of the Group adopted in each case by the Group's general meeting (or such other means of communication as determined by the Group at such time) pertaining for the preceding one or more financial year(s) of the Group.

Own Fund Items means the amount of eligible "own funds-items" (or any equivalent terminology employed by the Applicable Regulations) of the Issuer on a consolidated basis.

Parity Obligations means any present and future obligations of the Issuer ranking, or expressed to be ranking, *pari passu* with its obligations to the Holders in respect of the Securities, including the €600,000,000 6 per cent. Capital Securities issued on 1 November 2006 issued under the Issuer's Programme for the Issuance of Debt Instruments.

Policyholder Claims means claims of policyholders in a liquidation of a Group Insurance Undertaking to the extent that those claims relate to any debt to which the Group Insurance Undertaking is, or may become, liable to a policyholder pursuant to a contract of insurance.

Prevailing Principal Amount means the Initial Principal Amount as reduced from time to time by any Write-Down and as increased from time to time by any Discretionary Reinstatement.

Qualifying Tier 1 Securities means securities issued directly or indirectly by the Issuer that:

(i) have terms not materially less favourable to an investor than the terms of the Securities (as reasonably determined by the Issuer in consultation with an independent adviser of international standing);

(ii) subject to paragraph (i) above:

  (a) contain terms which comply with the then current requirements of the Relevant Supervisory Authority in relation to Tier 1 Own Funds;

  (b) bear at least the same rate of interest from time to time applying to the Securities and preserve the Interest Payment Dates;

  (c) contain terms providing for the cancellation of payments of interest only if such terms are not materially less favourable to an investor than the cancellation provisions contained in the original terms of the Securities;

  (d) rank at least *pari passu* with the Securities;

(e) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption, provided that such Qualifying Tier 1 Securities may not be redeemed by the Issuer prior to the First Call Date (save for redemption, exchange or variation on terms analogous with Condition 6 (*Redemption and Purchase*));

(f) preserve any existing rights under these Conditions to any accrued interest and any other amounts payable under the Securities which, in each case, has accrued to Holders of the Securities and not been paid (but without prejudice to any right of the Issuer subsequently to cancel any such rights so preserved in accordance with the terms of the Qualifying Tier 1 Securities); and

(g) are listed or admitted to trading on Euronext Dublin or such other stock exchange as selected by the Issuer in consultation with the Fiscal Agent.

Rating Agency means S&P Global Ratings Europe Limited and Fitch Ratings Limited or any successor thereto, in each case registered under the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009, on credit rating agencies, as amended.

Rating Agency Compliant Securities means securities issued directly or indirectly by the Issuer that are:

(i) Qualifying Tier 1 Securities; and

(ii) assigned by the Rating Agency substantially the same equity content or, at the absolute discretion of the Issuer, a lower equity content (provided such equity content is still higher than the equity content assigned to the Securities after the occurrence of the Ratings Methodology Event) as that which was assigned by the Rating Agency to the Securities on or around the Issue Date.

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

Redemption and Purchase Conditions has the meaning ascribed to it in Condition 6.2 (*Conditions to Redemption and Purchase*).

the **Regulatory Clearance Condition** being satisfied means, in respect of any proposed act on the part of the Issuer or the Group, the Relevant Supervisory Authority having approved, having given permission or consented to, or having been given due notification of and having not objected (if and to the extent applicable) to, such act (in any case only if and to the extent required by the Relevant Supervisory Authority or the Applicable Regulations (on the basis that the Securities are intended to qualify as Tier 1 Own Funds) at the relevant time).

Regulatory Event has the meaning ascribed to it in Condition 6.9 (*Redemption for Regulatory Reasons*).

Reinsurance Undertaking has the meaning ascribed to it in article 13 of the Solvency II Directive.

Relevant Coupons has the meaning ascribed to it in Condition 5.5 (*Deduction for unmatured Coupons*).

Relevant Proportion has the meaning ascribed to it in Condition 7.3 (*Discretionary Reinstatement*).

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).

Reset Date means the First Reset Date, the fifth (5th) anniversary thereof and each subsequent fifth (5th) anniversary thereof.

Reset Period means each period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date.

Reset Interest Rate Determination Date means, in respect of each Reset Period, the second Business Day prior to the start of each Reset Period.

Reset Reference Bank Rate means, with respect to a Reset Interest Rate Determination Date, the percentage rate determined on the basis of the Mid-Swap Rate Quotations provided at the request of the Issuer or a third party appointed by the Issuer for this purpose on its behalf by the Reset Reference Banks to the Fiscal Agent at approximately 11:00 a.m. (Central European time) on such Reset Interest Rate Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of the Reset Period commencing on the First Reset Date, the mid-swap rate for euro swaps with a term of 5 years as determined on the pricing date of the Securities, being -0.368 per cent. per annum or (ii) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 5 Year Mid-Swap Rate that appeared on the most recent Screen Page that was available.

Reset Reference Banks means six leading swap dealers in the interbank market selected by the Issuer or a third party appointed by the Issuer.

SCR Ratio means the sum of all Own Fund Items divided by the Solvency Capital Requirement, calculated on a consolidated basis, using the latest available values.

Screen Page means Reuters screen "ICESWAP2" or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the relevant 5 Year Mid-Swap Rate.

Securities Settlement System has the meaning ascribed to it in Condition 2 (*Denomination, Form and Title of the Securities*).

Securities Share Equivalent has the meaning ascribed to it in Condition 7.3 (*Discretionary Reinstatement*).

Senior Obligations means any present and future obligations to creditors of the Issuer (a) who are unsubordinated creditors of the Issuer or (b) whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of the Issuer (such subordinated claims including any claims with respect to instruments that qualify as Tier 2 Own Funds or Tier 3 Own Funds (in each case whether or not such securities count as Tier 2 Own Funds or Tier 3 Own Funds, respectively, at the time) of the Issuer), including the €500,000,000 Subordinated Fixed-to-Floating Rate Notes due 2043 issued on 4 April 2013 and the €750,000,000 Fixed to Floating Undated (Perpetual) Subordinated Option B Notes issued on 4 February 2015, each issued under the Issuer's Programme for the Issuance of Debt Instruments, other than those obligations that are, or are expressed to rank, *pari passu* with or junior to its obligations to the Holders in respect of the Securities.

Solvency II means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation, implementing technical standards or by further directives, Q&As or guidelines published by the European Insurance and Occupational Pensions Authority (or any successor entity), the Relevant Supervisory Authority or otherwise) including, without limitation, the Solvency II Regulation.

Solvency II Directive means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended.

Solvency II Regulation means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing the Solvency II Directive, as amended.

Solvency Capital Requirement means the consolidated group Solvency Capital Requirement as referred to in Article 230 of the Solvency II Directive.

Solvency Condition means that the Issuer is (a) able to pay its debts to its unsubordinated and unsecured creditors as they fall due and (b) its Assets exceed its Liabilities (including Liabilities that are, or are expressed to be, subordinated (whether only in the event of an Issuer Winding-Up or otherwise) to the claims of unsubordinated creditors of the Issuer (such subordinated claims including any claims with respect to instruments that qualify as Tier 2 Own Funds or Tier 3 Own Funds (in each case whether or not such securities count as Tier 2 Own Funds or Tier 3 Own Funds, respectively, at the time) of the Issuer), other than those whose claims are, or are expressed to rank, *pari passu* with or junior to the claims of the Holders).

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

Supervisory Board means the supervisory board of the Issuer.

Talon has the meaning ascribed to it in Condition 2 (*Denomination, Form and Title of the Securities*).

TARGET Business Day means a day on which the TARGET System is operating.

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

Tax Deductibility Event has the meaning ascribed to it in Condition 6.8 (*Redemption following a Tax Deductibility Event*).

Taxes has the meaning ascribed to it in Condition 8.1 (*Payment without withholding*).

Tier 1 Own Funds has the meaning ascribed to it in the Applicable Regulations from time to time.

Tier 2 Own Funds has the meaning ascribed to it in the Applicable Regulations from time to time.

Tier 3 Own Funds has the meaning ascribed to it in the Applicable Regulations from time to time.

Trigger Event has the meaning ascribed to it in Condition 7.1 (*Write-Down upon Trigger Event*).

Varied Securities has the meaning ascribed to it in Condition 6.10 (*Exchange or Variation for Regulatory Reasons*).

Write-Down and **Written Down** each have the meaning ascribed to it in Condition 7.2 (*Write-Down procedure*).

Write-Down Amount is the amount of the write-down of the Prevailing Principal Amount of the Securities on the applicable Write-Down Date and will be equal to, at the determination of the Issuer:

(i) the amount that would reduce the Prevailing Principal Amount to EUR 0.01, if the relevant Trigger Event has occurred pursuant to a) or b) of the Trigger Event definition in Condition 7.1 (*Write-Down upon Trigger Event*) to the extent required by the Applicable Regulations that apply at the time of the relevant Trigger Event, or as otherwise required pursuant to alternative requirements under the Applicable Regulations; or

(ii) together with the pro rata conversion or partial write-down of all other Loss Absorbing Tier 1 Instruments of the Issuer when compared with the Prevailing Principal Amount:

(a) the amount necessary to restore the SCR Ratio to 100%, to the extent it is below 100%; or

(b) if the SCR Ratio cannot be restored to 100%, then the amount necessary on a linear basis to reflect the SCR Ratio where the Prevailing Principal Amount would be equal to (x) zero if the SCR Ratio were 75% and (y) the Initial Principal Amount if the SCR Ratio were 100%; or

(c) any higher amount that would be required by the Applicable Regulations in force at the time of the Write-Down;

for each paragraph (a), (b) and (c) above, only if the relevant Trigger Event has occurred pursuant solely to c) of the Trigger Event definition in Condition 7.1 (*Write-Down upon Trigger Event*) and if such Write-Down Amount is permitted by the Applicable Regulations that apply at the time of the Trigger Event. If it were not permitted by the Applicable Regulations paragraph (i) will apply.

Write-Down Date means any date on which a reduction of the Prevailing Principal Amount will take effect.

Write-Down Notice means a notice which specifies (i) that a Trigger Event has occurred, (ii) the Write-Down Amount and (iii) the Write-Down Date. Any such notice shall be accompanied by a certificate signed by an authorised officer of the Issuer stating that a Trigger Event has occurred and setting out the method of calculation of the relevant Write-Down Amount attributable to the Securities.

Write-Down Testing Date means the date falling three months after the occurrence of a Trigger Event pursuant to Condition 7.1(c) and each subsequent three-month anniversary of the date thereof or any other date determined by the Relevant Supervisory Authority according to the Applicable Regulations.

2. DENOMINATION, FORM AND TITLE OF THE SECURITIES

The Securities are in bearer form and, in the case of definitive Securities, serially numbered and with interest coupons (**Coupons**) and talons for further Coupons (**Talons**) attached.

Subject as set out below, title to the Securities and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and the Fiscal Agent may deem and treat the bearer of any Security or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Security, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Securities is represented by a global Security held on behalf of Clearstream Banking S.A. (**Clearstream, Luxembourg**) and/or Euroclear Bank SA/NV (**Euroclear**) (together; the **Securities Settlement System**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of the Securities Settlement System as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by the Securities Settlement System as to the nominal amount of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Fiscal Agent as the holder of such nominal amount of such Securities for all purposes other than with respect to the payment of principal or interest on the Securities, for which purpose the bearer of the relevant global Security shall be treated by the Issuer and the Fiscal Agent as the holder of such Securities in accordance with and subject to the terms of the relevant global Security (and the expression **Holder** and related expressions shall be construed accordingly). Securities which are represented by a global Security held by a common depositary or a common safekeeper for the Securities Settlement System will be transferable only in accordance with the rules and procedures for the time being of the Securities Settlement System.

The Securities are issued in denominations of EUR200,000 and integral multiples of EUR1,000 in excess thereof up to (and including) EUR399,000 and can only be settled through the Securities Settlement System in nominal amounts equal to a whole denomination (or a whole multiple thereof).

3. STATUS AND SUBORDINATION OF THE SECURITIES AND SET-OFF

3.1 Status

The Securities constitute unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders are subordinated as described in Condition 3.2 (*Subordination*).

3.2 Subordination

The rights and claims (if any) of the Holders to payment of the Prevailing Principal Amount of the Securities and any other amounts in respect of the Securities (including any accrued interest or damages awarded for breach of any obligations under these Conditions, if any are payable) shall, in the event of (i) insolvency (*faillissement*) of the Issuer, (ii) moratorium (*surseance van betaling*) being applied to the Issuer, (iii) dissolution (*ontbinding*) or (iv) liquidation (*vereffening*) of the Issuer (such events (i) through (iv) each being an **Issuer Winding-Up**) rank, subject to any rights or claims which are mandatorily preferred by law,

(i) junior to the rights and claims of creditors in respect of Senior Obligations;

(ii) *pari passu* without any preference among themselves and with all rights and claims of creditors in respect of Parity Obligations; and

(iii) senior only to the rights and claims of creditors in respect of Junior Obligations.

By virtue of such subordination, payments to a Holder will, in the event of an Issuer Winding-Up, only be made after all Senior Obligations of the Issuer have been satisfied. There will be no negative pledge in respect of the Securities.

3.3 Waiver of Set-Off

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

4. INTEREST

4.1 General

(a) Subject to Condition 4.4 (*Interest Cancellation*), the Securities bear interest on their Prevailing Principal Amount (i) at a fixed rate of 4.625 per cent. per annum from (and including) the Issue Date to (but excluding) the First Reset Date, and (ii) thereafter at a fixed rate of interest which will be reset on each Reset Date, to be calculated by the Calculation Agent as the sum of the applicable 5 Year Mid-Swap Rate in relation to that Reset Period, plus the Margin, converted to a semi-annual rate in accordance with market convention (rounded to three decimal places with 0.0005 rounded upwards) (the **Interest Rate**).

(b) The Calculation Agent will cause the Interest Rate for each Interest Period to be notified to the Issuer and to Euronext Dublin and any other stock exchange on which the Securities are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be given to the Holders in accordance with Condition 10 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. For the purposes of this paragraph, the expression Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London and Amsterdam.

(c) On each Interest Payment Date, the Issuer shall pay interest on the Securities accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to the provisions of Condition 4.4 (*Interest Cancellation*) below.

(d) If interest is required to be calculated for a period other than an Interest Period, such interest shall be calculated by applying the Interest Rate to the Prevailing Principal Amount, multiplying such sum by the Day Count Fraction, and rounding the resultant figure to the nearest Euro cent, with half of a Euro cent being rounded upwards.

(e) Subject to cancellation of interest (in whole or in part) as provided herein, the Securities will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Securities is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Securities will continue to bear interest at the relevant Interest Rate on their remaining unpaid amount until the day on which all sums due in respect of the Securities up to (but excluding) that day are received by or on behalf of the relevant Holder.

4.2 Benchmark replacement

(a) Notwithstanding the provisions above in Condition 4.1, if a Benchmark Event occurs in relation to the 5 Year Mid-Swap Rate as a result of the 5 Year Mid-Swap Rate and/or the six-month EURIBOR rate (the **Mid-Swap Floating Leg Benchmark Rate**) ceasing to be calculated or administered, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint an independent financial institution of international repute or an independent financial advisor with appropriate expertise (the **Independent Adviser**) to determine an alternative rate (the **Alternative Benchmark Rate**) and an alternative screen page or source (the **Alternative Screen Page**) no later than three Business Days prior to the Reset Interest Rate Determination Date relating to the next succeeding Reset Period (the **IA Determination Cut-off Date**) for purposes of determining the 5 Year Mid-Swap Rate for all future Reset Periods (subject to the subsequent operation of this Condition 4.2(a));

(ii) the Alternative Benchmark Rate shall be such rate as the Independent Adviser determines has replaced the 5 Year Mid-Swap Rate in customary market usage for purposes of determining a 5-year mid-swap rate denominated in Euro, or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines is most comparable to the 5-year Mid-Swap Rate, and the Alternative Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate;

(iii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine an Alternative Benchmark Rate and Alternative Screen Page prior to the IA Determination Cut-off Date in accordance with Condition 4.2(a)(ii) above, then the Issuer (in consultation with the Fiscal Agent or the Independent Adviser where appointed but unable to determine whether an Alternative Benchmark Rate is available and acting in good faith and a commercially reasonable manner) may determine which (if any) rate has replaced the 5 Year Mid-Swap Rate in customary market usage for purposes of determining a 5-year mid-swap rate denominated in Euro, or, if it determines that there is no such rate, which (if any) rate is most comparable to the 5 Year Mid-Swap Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; provided, however, that if this Condition 4.2(a)(iii) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Screen Page prior to the Reset Interest Rate Determination Date relating to the next succeeding Reset Period in accordance with this Condition 4.2(a)(iii), the 5 Year Mid-Swap Rate applicable to such Reset Period shall be equal to (i) in respect of the Reset Period commencing on the First Reset Date the mid-swap rate for euro swaps with a term of 5 years as determined on the pricing date of the Securities, being

-0.368 per cent. per annum and (ii) in respect of any other Reset Period, the 5 Year Mid-Swap Rate that appeared on the most recent Screen Page that was available;

(iv) if an Alternative Benchmark Rate and Alternative Screen Page is determined in accordance with the preceding provisions, such Alternative Benchmark Rate and Alternative Screen Page shall be the reference rate (5 Year Mid-Swap Rate) and the Screen Page in relation to the Securities for all future Reset Periods (subject to the subsequent operation of this Condition 4.2(a));

(v) if the Independent Adviser or the Issuer in consultation with the Independent Adviser determines an Alternative Benchmark Rate in accordance with the above provisions, the Independent Adviser or the Issuer in consultation with the Independent Adviser (as the case may be), may also determine any necessary changes to the Alternative Benchmark Rate, the mid-swap floating leg benchmark rate, the day count fraction, the business day convention, the Business Days and/or the Reset Interest Rate Determination Date applicable to the Securities (including any necessary adjustment factor that is necessary to make the 5 Year Mid-Swap Rate comparable to a 5-year mid-swap rate based on the six-month EURIBOR rate), and the method for determining the fallback rate in relation to the Securities, in order to follow market practice in relation to the Alternative Benchmark Rate, which changes shall be deemed to apply to the Securities for all future Reset Periods (subject to the subsequent operation of this Condition 4.2(a)); and

(vi) the Issuer shall, promptly following the determination of any Alternative Benchmark Rate and Alternative Screen Page, give notice thereof and of any changes which are deemed to apply to the Securities pursuant to Condition 4.2(a)(v) above in accordance with Condition 10 (*Notices*) to the holders of the Securities, to the Fiscal Agent and the Calculation Agent and to each listing authority and/or stock exchange (or listing agent as the case may be) by which the Securities have then been admitted to listing and trading.

(b) If the operation of the above provisions would cause the Securities to cease qualifying as Tier 1 Own Funds by reason of the level of the substitute or successor rate (as confirmed by a certificate signed by two (2) managing directors of the Issuer), the Margin will be adjusted to such extent as is necessary (as confirmed by the same certificate signed by two (2) managing directors of the Issuer) to ensure continued qualification as Tier 1 Own Funds, provided that the Margin shall never be negative.

Notwithstanding any other provision of this Condition 4.2, no substitute or successor rate will be adopted, nor will any other amendment to the terms of the Securities be made, if and to the extent that, as confirmed by a certificate signed by two (2) managing directors of the Issuer, the same would cause the Securities to cease qualifying as Tier 1 Own Funds of the Issuer or as other equivalent regulatory capital of the Issuer under the Applicable Regulations.

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

4.3 Calculation Agent

(a) 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 Securities remain outstanding there shall at all times be a Calculation Agent for the purposes of the Securities 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 Interest Rate, the Issuer shall appoint the European office of another leading bank engaged in the Amsterdam 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.

(b) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest*) by the Calculation Agent will (in the absence of default, bad faith or manifest error) be final and binding on the Issuer and all Holders and (in the absence of default, bad faith or manifest error) no liability to the Issuer or the Holders 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 4 (*Interest*).

4.4 Interest Cancellation

(a) Optional Cancellation of Interest Payments

Subject to Condition 4.4(b), the Issuer may, at its sole and absolute discretion at any time elect to cancel in full or in part any Interest Payment which would otherwise be due and payable on any Interest Payment Date.

(b) Mandatory Interest Cancellation

To the extent required by the Applicable Regulations in order for the Securities to qualify as Tier 1 Own Funds from time to time and save as otherwise permitted pursuant to Condition 4.4(c) (Exceptional Waiver of Interest Cancellation), the Issuer shall be required to cancel any Interest Payment on the Securities in accordance with this Condition 4, if:

(i) the Solvency Condition is not met at the time for payment of such Interest Payment, or would cease to be met immediately following, and as a result of making, such Interest Payment; or

(ii) the Issuer has determined that there is non-compliance with the Solvency Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such Interest Payment; or

(iii) the Issuer has determined that there is non-compliance with the Minimum Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such Interest Payment; or

(iv) the amount of such Interest Payment, when aggregated with any Additional Amounts payable with respect thereto, interest payments or distributions which have been made or which are scheduled to be paid or made on the same payment date on all Tier

1 Own Funds (excluding any such payments which do not reduce the Distributable Items and any payments already accounted for in determining the Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Distributable Items as at the Interest Payment Date in respect of such Interest Payment,

each of the events or circumstances described in Conditions 4.4(b) (i) to (iv) (inclusive) above being a **Mandatory Interest Cancellation Event**.

(c) Exceptional Waiver of Interest Cancellation

An Interest Payment shall not be cancelled upon occurrence of a Mandatory Interest Cancellation Event, in whole or in part (as applicable) in relation to an Interest Payment (or such part thereof) if cumulatively:

(i) the Relevant Supervisory Authority has exceptionally waived the cancellation of Interest Payments; and

(ii) such Interest Payments do not further weaken the solvency position of the Issuer and/or the Group; and

(iii) the Minimum Capital Requirement is complied with immediately after such Interest Payment is made; and

(iv) the Mandatory Interest Cancellation Event is of the type described in paragraph (ii) of such definition only.

(d) Non-cumulative Interest

Any Interest Payment which is not paid on any Interest Payment Date shall not accumulate or be payable at any time thereafter, and such non-payment will not constitute a default or an event of default by the Issuer for any purpose, and the Holders shall have no right thereto.

If the Issuer fails to make any Interest Payment on an Interest Payment Date, such non-payment shall evidence that the Issuer has elected, or is required, to cancel such Interest Payment in accordance with the foregoing provisions.

(e) Notice of Cancellation

If practicable under the circumstances, the Issuer shall give not less than five (5) nor more than thirty (30) Business Days' prior notice to the Holders in accordance with Condition 10 (*Notices*) of any optional or mandatory cancellation of any Interest Payment under the Securities on any Interest Payment Date.

So long as the Securities are listed on Euronext Dublin and the rules of such stock exchange so require, notice of any such cancellation shall also be given as soon as reasonably practicable to such stock exchange.

This notice will not be a condition to the cancellation of any Interest Payment. Any delay or failure by the Issuer to give such notice shall not affect the cancellation described above nor constitute a default or event of default by the Issuer for any purpose.

5. PAYMENTS

5.1 Principal

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Securities at the specified office of any paying agent outside the United States by euro cheque drawn on, or by transfer to a euro account (or other account to which Euro may be credited or transferred) maintained by the payee with a bank in a city in which banks have access to the TARGET System.

5.2 Interest

Payments of interest shall, subject to Condition 5.7 (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the specified office of any paying agent outside the United States in the manner described in Condition 5.1 (*Principal*) above.

5.3 Global Form

Payments of principal and interest (if any) in respect of Securities represented by a global Security will (subject as provided below) be made in the manner specified above in relation to definitive Securities and otherwise in the manner specified in the relevant global Security, where applicable, against presentation or surrender, as the case may be, of such global Security at the specified office of any paying agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such global Security either by such paying agent to which it was presented or in the records of relevant Securities Settlement System.

The holder of a global Security shall be the only person entitled to receive payments in respect of Securities represented by such global Security and the Issuer will be discharged by payment to, or to the order of, the holder of such global Security in respect of each amount so paid. Each of the persons shown in the records of relevant Securities Settlement System as the beneficial holder of a particular nominal amount of Securities represented by such global Security must look solely to the relevant Securities Settlement System, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Security. No person other than the holder of such global Security shall have any claim against the Issuer in respect of any payments due on that global Security.

5.4 Payments subject to fiscal or other laws

All payments in respect of the Securities are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

5.5 Deduction for unmatured Coupons

If a Security is presented without all unmatured Coupons relating thereto, then:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Coupons**) being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 5.1 (*Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8.1 (*Payment without Withholding*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due. No payments will be made in respect of void Coupons.

5.6 Payments on Business Days

If the due date for payment of any amount in respect of any Security or Coupon is not a Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

5.7 Payments other than in respect of matured Coupons

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Securities at the specified office of any paying agent outside the United States.

5.8 Partial payments

If the Fiscal Agent makes a partial payment in respect of any Security or Coupon presented to it for payment, the Fiscal Agent will endorse thereon a statement indicating the amount and the date of such payment.

6. REDEMPTION AND PURCHASE

6.1 No Redemption Date

The Securities are perpetual Securities in respect of which there is no fixed maturity or redemption date. The Issuer shall be entitled to redeem the Securities only in accordance with the provisions below. The Securities are not redeemable at the option of the Holders at any time.

6.2 Conditions to Redemption and Purchase

To the extent required by the Applicable Regulations in order for the Securities to qualify as Tier 1 Own Funds from time to time, the Securities may not be redeemed pursuant to any of the optional redemption provisions referred to below under Condition 6.6 (*Redemption at the Option of the Issuer*), 6.7 (*Redemption following a Gross-Up Event*), 6.8 (*Redemption following a Tax Deductibility Event*), 6.9 (*Redemption for Regulatory Reasons*), 6.11 (*Redemption for Rating Reasons*) or 6.13 (*Clean-up Redemption*) or purchased by the Issuer or any of its affiliates pursuant to Condition 6.15 (*Purchases*), if:

(i) the Solvency Condition is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Solvency Condition to be breached; or

(ii) the Issuer has determined that the Solvency Capital Requirement is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Solvency Capital Requirement to be breached; or

(iii) the Issuer has determined that the Minimum Capital Requirement is not met immediately prior to the redemption or purchase of the Securities (as applicable) or the redemption or purchase (as applicable) would cause the Minimum Capital Requirement to be breached; or

(iv) an Insolvent Insurer Liquidation has occurred and is continuing; or

(v) the Regulatory Clearance Condition is not satisfied; or

(vi) any additional or alternative requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the Relevant Supervisory Authority have not been complied with following the proposed redemption or purchase (and will continue to not be complied with following the proposed redemption or purchase),

and is each continuing on the relevant redemption or purchase date (the conditions set out in Condition 6.2(i) to (vi) (*Conditions to Redemption and Purchase*) (inclusive) being the **Redemption and Purchase Conditions**). For the avoidance of doubt, the Redemption and Purchase Conditions shall be met if none of the situations set out in Condition 6.2(i) to 6.2(vi) (*Conditions to Redemption and Purchase*) (inclusive) occurs, and are not met if any of the situations under (i) through (vi) occurs.

In the case of an optional redemption referred to in Condition 6.6 (*Redemption at the Option of the Issuer*), 6.7 (*Redemption following a Gross-Up Event*), 6.8 (*Redemption following a Tax Deductibility Event*), 6.9 (*Redemption for Regulatory Reasons*), 6.11 (*Redemption for Rating Reasons*) or 6.13 (*Clean-up Redemption*) or any purchase of the Securities referred to in Condition 6.15 (*Purchases*):

(i) that is within five years from the Issue Date, (A) such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Securities or (B) if:

   (a) the Relevant Supervisory Authority has confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement, after the repayment or redemption or purchase, will be exceeded by an appropriate margin taking into account the solvency position of the Issuer including the Issuer's medium-term capital management plan as provided in the Applicable Regulations; and

   either

(b) a Regulatory Event occurs, and both of the following conditions are met:

(i) the Relevant Supervisory Authority considers the negative impact on the classification of the Securities as described in the definition of Regulatory Event to be sufficiently certain;

(ii) the Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority that the occurrence of a Regulatory Event was not reasonably foreseeable at the time of issuance of the Securities; or

(c) a Gross-Up Event or a Tax Deductibility Event occurs which the Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority is material and was not reasonably foreseeable at the time of issuance of the Securities,

in each case, if the Applicable Regulations make a redemption or purchase conditional thereon; or

(ii) that is after the fifth anniversary of the Issue Date and before the tenth anniversary of the Issue Date, or any other such period prescribed by the Applicable Regulations, the Relevant Supervisory Authority shall have confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement is exceeded by an appropriate margin (taking into account the solvency position of the Issuer including the Issuer's medium-term capital plan), unless such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Securities, in each case, if the Applicable Regulations make a redemption or purchase conditional thereon.

If on the proposed date for redemption of the Securities the Redemption and Purchase Conditions are not met, redemption of the Securities shall instead be deferred and such redemption shall occur only in accordance with Condition 6.4 (*Deferral of Redemption or Purchase*).

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

Notwithstanding Condition 6.2 (*Conditions to Redemption and Purchase*), the Issuer shall be entitled to redeem or purchase the Securities (to the extent permitted by the Applicable Regulations) where:

(i) all Redemption and Purchase Conditions are met other than that described in Condition 6.2(ii); and

(ii) the Relevant Supervisory Authority has exceptionally waived the cancellation of redemption or, as the case may be, purchase of the Securities; and

(iii) all (but not some only) of the Securities redeemed or purchased at such time are exchanged for a new issue of Tier 1 Own Funds of the same or higher quality than the Securities; and

(iv) the Minimum Capital Requirement will be complied with immediately following such redemption or purchase, if made.

6.4 Deferral of Redemption or Purchase

The Issuer shall notify the Holders of the Securities in accordance with Condition 10 (*Notices*) no later than five (5) Business Days prior to any date set for redemption or purchase, as applicable, of the Securities if such redemption or purchase, as applicable is to be deferred in accordance with this Condition 6.4, provided that if an event occurs less than five (5) Business Days prior to the date set for redemption or purchase, as applicable, that results in the Redemption and Purchase Conditions ceasing to be met, the Issuer shall notify the Holders in accordance with Condition 10 (*Notices*) as soon as reasonably practicable following the occurrence of such event.

If redemption or purchase, as applicable, of the Securities does not occur on the date specified in the notice of redemption, or purchase, as applicable, by the Issuer under Condition 6.6 (*Redemption at the Option of the Issuer*), 6.7 (*Redemption following a Gross-Up Event*), 6.8 (*Redemption following a Tax Deductibility Event*), 6.9 (*Redemption for Regulatory Reasons*), 6.11 (*Redemption for Rating Reasons*), 6.13 (*Clean-up Redemption*) or 6.15 (*Purchases*) as a result of the operation of Condition 6.2 (*Conditions to Redemption and Purchase*), the Issuer shall redeem or purchase, as applicable, such Securities at their Prevailing Principal Amount together with any other accrued and unpaid interest (in each case, to the extent that such amounts have not previously been cancelled pursuant to these Conditions), upon the earlier of:

(i) the date falling ten (10) Business Days after the date on which the Redemption and Purchase Conditions are met or redemption or purchase, as applicable, of the Securities is otherwise permitted pursuant to Condition 6.3 (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by Relevant Supervisory Authority*); or

(ii) the date falling ten (10) Business Days after the date on which the Relevant Supervisory Authority has agreed to the repayment, redemption or purchase, as applicable, of the Securities; or

(iii) the date on which an Issuer Winding-Up occurs.

The Issuer shall notify the Fiscal Agent, the Calculation Agent and the Holders in accordance with Condition 10 (*Notices*) no later than five (5) Business Days prior to any such date set for redemption or purchase, as applicable, pursuant to Condition 6.4(i), (ii) or (iii).

6.5 Deferral of Redemption Not a Default

Notwithstanding any other provision in these Conditions, the deferral of redemption of the Securities in accordance with Condition 6.2 (*Conditions to Redemption and Purchase*) and Condition 6.4 (*Deferral of Redemption*) will not constitute a default by the Issuer and will not give Holders of the Securities any right to accelerate the Securities or take any enforcement action under the Securities.

6.6 Redemption at the Option of the Issuer

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

(i) not less than fifteen (15) nor more than thirty (30) days' notice to the Holders in accordance with Condition 10 (*Notices*) (which notice shall (save as provided in Condition 6.17 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and

(ii) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (i),

redeem all (but not some only) of the Securities at their Prevailing Principal Amount together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any other accrued and unpaid interest to (but excluding) the date of redemption at any time from the First Call Date to and including the First Reset Date and on any Interest Payment Date thereafter.

6.7 Redemption following a Gross-Up Event

Provided that the Redemption and Purchase Conditions are met, if at any time, by reason of a change in any law or regulation of the Netherlands, 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 interest due in respect of the Securities, not be able to make such payment without having to pay Additional Amounts, and this cannot be avoided by the Issuer taking reasonable measures available to it at the time (a **Gross-Up Event**), the Issuer may, subject to having given:

(i) not less than fifteen (15) nor more than thirty (30) days' notice to the Holders in accordance with Condition 10 (*Notices*) (which notice shall (save as provided in Condition 6.17 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and

(ii) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (i),

redeem all (but not some only) of the Securities, at any time at their Prevailing Principal Amount, together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date fixed for redemption, provided that the due date for redemption shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding for taxes.

6.8 Redemption following a Tax Deductibility Event

Provided that the Redemption and Purchase Conditions are met, if an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in Dutch law or regulation, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date, payments of interest payable by the Issuer in respect of the Securities would no longer be deductible in whole or in part, and this cannot be avoided by the Issuer taking reasonable measures available to it at the time (a **Tax Deductibility Event**), the Issuer may, subject to having given:

(i) not less than fifteen (15) nor more than thirty (30) days' notice to the Holders in accordance with Condition 10 (*Notices*) (which notice shall (save as provided in Condition 6.17 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and

(ii) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (i),

redeem all (but not some only) of the Securities, at any time at their Prevailing Principal Amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date fixed for redemption, provided that redemption will not take place before the latest practicable date on which the Issuer could make such payment with the interest payable being tax deductible in the Netherlands.

6.9 Redemption for Regulatory Reasons

Provided that the Redemption and Purchase Conditions are met, if at any time, a Regulatory Event has occurred and is continuing then the Issuer may, subject to having given:

(i) not less than fifteen (15) nor more than thirty (30) days' notice to the Holders in accordance with Condition 10 (*Notices*) (which notice shall (save as provided in Condition 6.17 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and

(ii) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (i),

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

A **Regulatory Event** is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by the Relevant Supervisory Authority or any court or authority entitled to do so of) the Applicable Regulations, the Issuer determines that the whole or any part of the Securities is, or within the forthcoming period of six months will likely be, no longer capable of counting as Tier 1 Own Funds for the purposes of the Issuer on a consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

6.10 Exchange or Variation for Regulatory Reasons

If at any time, the Issuer determines that a Regulatory Event has occurred and is continuing, the Issuer may, instead of redeeming the Securities in the manner described above, on any Interest Payment Date, without the consent of the Holders, (i) exchange all but not some only of the Securities for new Securities (the **Exchanged Securities**), or (ii) vary the terms of all but not some only of the Securities (the **Varied Securities**), so that in either case the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) constitutes Qualifying Tier 1 Securities of the Issuer.

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

6.11 Redemption for Rating Reasons

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

(i) not less than fifteen (15) nor more than thirty (30) days' notice to the Holders in accordance with Condition 10 (*Notices*) (which notice shall (save as provided in Condition 6.17 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and

(ii) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (i),

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

6.12 Exchange or Variation for Rating Reasons

If at any time, the Issuer determines that a Ratings Methodology Event has occurred and is continuing or, as a result of a change in, or clarification to, the methodology of the Rating Agency (or in the interpretation by the Rating Agency of such methodology), a Ratings Methodology Event will occur within the forthcoming period of six months, the Issuer may, instead of redeeming the Securities in the manner described above, on any Interest Payment Date, without the consent of Holders, (i) exchange all but not some only of the Securities for Exchanged Securities, or (ii) vary the terms of all but not some only of the Securities, so that the Exchange Securities or Varied Securities (as the case may be) become or remain, Rating Agency Compliant Securities.

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

6.13 Clean-up Redemption

Provided that the Redemption and Purchase Conditions are met, the Issuer may at any time after the Issue Date. subject to having given

(i) not less than fifteen (15) nor more than thirty (30) days' notice to the Holders in accordance with Condition 10 (*Notices*) (which notice shall (save as provided in Condition 6.17 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and

(ii) notice to the Fiscal Agent not less than three (3) days before the giving of the notice referred to in (i),

elect to redeem all, but not some only, of the Securities at their Prevailing Principal Amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date fixed for redemption if 80% (eighty per cent) or more of the Securities originally issued (including any further issues pursuant to Condition 13 (*Further Issues*)) has been purchased and cancelled at the time of such election.

6.14 Preconditions to redemption, exchange, variation or purchase

(i) Prior to the publication of any notice of redemption, variation, exchange or purchase pursuant to this Condition 6, the Issuer shall deliver to the Fiscal Agent a certificate signed by two (2) members of the Executive Board stating that, as the case may be, the Issuer is entitled to redeem, exchange or vary the Securities on the grounds that a Tax Deductibility Event, a Gross-Up Event, a Regulatory Event or a Ratings Methodology Event has occurred and is continuing as at the date of the certificate or, as the case may be (in the case of a Ratings Methodology Event), will occur within a period of six (6) months and that it would have been reasonable for the Issuer to conclude, judged at the Issue Date, that such Tax Deductibility Event, Gross-Up Event, Regulatory Event or Ratings Methodology Event was unlikely to occur.

(ii) The Issuer shall not be entitled to amend or otherwise vary the terms of the Securities or exchange the Securities unless:

    (a) it has notified the Relevant Supervisory Authority in writing of its intention to do so; and

    (b) the Regulatory Clearance Condition has been satisfied in respect of such proposed amendment, variation or exchange.

6.15 Purchases

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

6.16 Cancellations

All Securities redeemed or exchanged by the Issuer pursuant to this Condition 6, and all Securities purchased and surrendered for cancellation pursuant to Condition 6.15 (*Purchases*), will forthwith be cancelled. Any Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged.

6.17 Notices Final

Subject and without prejudice to Conditions 6.2 (*Conditions to Redemption and Purchase*) and 6.4 (*Deferral of Redemption*), any notice of redemption as is referred to in this Condition 6 shall be irrevocable and on the redemption date specified in such notice the Issuer shall be bound to redeem, or as the case may be, vary or exchange, the Securities in accordance with the terms of the relevant Condition.

7. PRINCIPAL LOSS ABSORPTION

7.1 Write-Down upon Trigger Event

A **Trigger Event** shall be deemed to have occurred if, at any time, the Issuer determines that any of the following has occurred:

(a) the amount of Own Fund Items eligible to cover the Solvency Capital Requirement of the Issuer determined under the Applicable Regulations is equal to or less than 75 per cent. of the Solvency Capital Requirement; or

(b) the amount of Own Fund Items eligible to cover the Minimum Capital Requirement of the Issuer determined under the Applicable Regulations is equal to or less than the Minimum Capital Requirement; or

(c) the amount of Own Fund Items eligible to cover the Solvency Capital Requirement of the Issuer has been equal to or less than the Solvency Capital Requirement for a continuous period of three months (commencing on the date on which non-compliance with such Solvency Capital Requirement was first observed).

If a Trigger Event pursuant to (a), (b) or (c) above has occurred, the Issuer shall inform the Relevant Supervisory Authority thereof and deliver a Write-Down Notice to the Holders and to Euronext Dublin in accordance with Condition 10 (*Notices)* as soon as practicable after such event.

7.2 Write-Down procedure

If a Trigger Event occurs:

(i) any interest which is accrued and unpaid up to (and including) the Write-Down Date (whether or not such interest has become due for payment) shall be automatically cancelled (it being specified that such cancellation shall not constitute a default or event of default of the Issuer for any purpose); and

(ii) the Issuer shall promptly (and without the need for the consent of the Holders) write down the Securities by reducing the Prevailing Principal Amount by the Write-Down Amount (such action a **Write-Down** and **Written Down** being construed accordingly).

Any such Write-Down shall be applied in respect of each Security equally.

A Write-Down of the Securities shall not constitute a default or event of default in respect of the Securities or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever, and shall not entitle Holders to petition for the insolvency or dissolution of the Issuer or to take any other action.

Following a Write-Down, Holders will be automatically deemed to waive irrevocably their rights to receive, and no longer have any rights against the Issuer with respect to, any principal amount by which the Securities have been Written-Down, save with respect to any amount subsequently reinstated pursuant to Condition 7.3 (*Discretionary Reinstatement*).

A Write-Down may occur on one or more occasions following each Write-Down Testing Date and each Security may be Written-Down on more than one occasion. Accordingly, if, after a Write-Down, a Trigger Event pursuant to Condition 7.1(c) occurs at any Write-Down Testing Date, a further Write-Down shall be required.

To the extent that the Prevailing Principal Amount of the Securities has been Written-Down, interest shall accrue on such reduced Prevailing Principal Amount in accordance with these Conditions as from the relevant Write-Down Date.

In addition, if the write-down of, or, as the case may be, conversion of any Loss Absorbing Tier 1 Instrument of the Issuer is not, or by the relevant Write-Down Date will not be, effective:

1) the ineffectiveness of any such reduction or, as the case may be, conversion shall not prejudice the requirement to effect a reduction to the Prevailing Principal Amount pursuant to this Condition; and

2) the write-down of, or, as the case may be, conversion of any such Loss Absorbing Tier 1 Instrument which is not, or by the Write-Down Date will not be, effective shall not be taken into account in determining such reduction of the Prevailing Principal Amount.

Upon the occurrence of a Trigger Event, the Issuer may decide not to effect a Write-Down if:

(i) a Trigger Event occurs pursuant to Condition 7.1(c); and

(ii) no previous Trigger Events have occurred pursuant to Condition 7.1(a) or Condition 7.1(b); and

(iii) the Relevant Supervisory Authority agrees exceptionally to waive a Write-Down on the basis of the following information: (A) projections provided to the Relevant Supervisory Authority by the Issuer when the Issuer submits the recovery plan required by Article 138(2) of the Solvency II Directive, that demonstrate that a Write-Down in that case would be very likely to give rise to a tax liability that would have a significant adverse effect on the Issuer's solvency position and (B) a certificate issued by the Issuer's statutory auditors certifying that all of the assumptions used in the projections referred to in (A) are realistic.

7.3 Discretionary Reinstatement

Following any reduction of the Prevailing Principal Amount pursuant to this Condition 7 (*Principal Loss Absorption*), the Issuer may to the extent permitted by the Applicable Regulations that apply at the relevant time and provided that this Condition 7.3 would not cause the occurrence of a Regulatory Event, at its full discretion, increase the Prevailing Principal Amount of the Securities (a **Discretionary Reinstatement**) on one or more occasions on any date and in any amount that it determines in its discretion (either to the Initial Principal Amount or to any lower amount) provided that:

(A) the Issuer has restored compliance with the Solvency Capital Requirement and any Discretionary Reinstatement would not cause a Trigger Event to occur or the Solvency Condition to be breached;

(B) the Discretionary Reinstatement is not activated by reference to own fund items issued or increased in order to restore compliance with the Solvency Capital Requirement of the Issuer;

(C) the Discretionary Reinstatement occurs only (i) on the basis of Net Profits (a) that contribute to Distributable Items made subsequent to the restoration of compliance with the Solvency Capital Requirement of the Issuer and (b) as adjusted to give due consideration to the resulting change in own funds of the Issuer and provided that the Issuer's Own Fund Items will not be lower as a result of the Discretionary Reinstatement than the Issuer's Own Items would be on the same date if the equivalent amount of Net Profits were allocated to retained earnings of the Issuer and (ii) in a manner that does not undermine the loss absorbency intended by Article 71(5) of the Solvency II Regulation and does not hinder recapitalisation as required by Article 71(1)(d) of the Solvency II Regulation;

(D) the Issuer shall take such decision relating to a Discretionary Reinstatement with due consideration to the overall financial and/or solvency condition of the Issuer (including, but not limited to, the Issuer's dividend policy and capital adequacy policy in effect at the time and its most recent medium term capital management plan incorporating relevant stress scenarios) in accordance with the Applicable Regulations at such time, and subject to a guideline of 6.1 per cent. of such Net Profits as described in limb (C) above (such guideline being, the **Relevant Proportion**);

(E) this will not result in the Prevailing Principal Amount of the Securities being greater than the Initial Principal Amount; and

(F) any Discretionary Reinstatement will be made on a *pro rata* basis among other Loss Absorbing Tier 1 Instruments of the Issuer that have been subject to a temporary write-down and only to the extent that this does not worsen the SCR Ratio of the Issuer.

The initial Relevant Proportion shall be determined on the Issue Date as the aggregate Initial Principal Amount of the Securities expressed as a number of ordinary shares of the Issuer (the "**Securities Share Equivalent**"), relative to the aggregate of the total number of ordinary shares and Loss Absorbing Tier 1 Instruments (including the Securities themselves and expressed as a number of ordinary shares of the Issuer), as calculated on the basis of most recently published annual financial statements of the Issuer.

In case of a subsequent:

(i) new issue, redemption or repurchase of ordinary shares or Loss Absorbing Tier 1 Instruments by the Issuer, the Relevant Proportion shall be adjusted to reflect such corporate action so as to reflect the then current ratio of the Securities Share Equivalent determined on the Issue Date relative to the new, then current total number of ordinary shares of the Issuer and Loss Absorbing Tier 1 Instruments (including the Securities and expressed as a number of ordinary shares of the Issuer);

(ii) consolidation, reclassification, redesignation or subdivision of ordinary shares of the Issuer, the Securities Share Equivalent shall be adjusted to reflect such corporate action so as to preserve economic equivalence of the Relevant Proportion assigned at the Issue Date;

(iii) Extraordinary Dividend, the Relevant Proportion shall be adjusted to reflect such corporate action so as to reflect the then current ratio of the Securities Share Equivalent as redetermined on such adjustment date relative to the then current total number of ordinary shares of the Issuer and Loss Absorbing Tier 1 Instruments (including the Securities and expressed as a number of ordinary shares of the Issuer);

(iv) determination by the Issuer that the Relevant Proportion should be adjusted for whatever other reason so as to preserve economic equivalence of the Holders similar to the adjustments described under (i) through (iii) above,

in each case, subject to the Issuer providing adequate notice to the Holders in accordance with Condition 10 (*Notices*) including a description of the adjustment. Given that Discretionary Reinstatement is in all events at the full discretion of the Issuer and subject to conditions described above, Holders shall have no objection right to such adjustments made to the Relevant Proportion. No adjustment will be made to the Relevant Proportion where the same would cause a Regulatory Event under these Conditions.

Where in this Condition 7.3 a Securities Share Equivalent is referred to, the ordinary shares of the Issuer are valued by reference to the sum of the aggregate nominal value of the total number of ordinary shares of the Issuer and the amount of related share premium and retained earnings divided by the total number of ordinary shares of the Issuer, as calculated on the basis of most recently published annual financial statements of the Issuer unless otherwise indicated herein.

A Discretionary Reinstatement may occur on one or more occasions until the Prevailing Principal Amount of the Securities has been reinstated to the Initial Principal Amount. Any decision by the Issuer to effect or not to effect any Discretionary Reinstatement on any occasion shall not preclude it from effecting or not effecting any Discretionary Reinstatement on any other occasion.

Any Discretionary Reinstatement shall be applied in respect of each Security equally.

The Issuer shall inform the Relevant Supervisory Authority of any Discretionary Reinstatement and Notice of any Discretionary Reinstatement shall be given to the Holders and to Euronext Dublin in accordance with Condition 10 (*Notices*) as soon as possible and no later than five Business Days prior to the date on which such Discretionary Reinstatement becomes effective.

8. TAXATION

8.1 Payment without withholding

All payments in respect of the Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Netherlands or any political subdivision thereof unless the withholding or deduction of the Taxes is required by law. In any such event, the Issuer will pay such additional amounts in respect of Interest Payments but not in respect of any payments of principal (**Additional Amounts**) as may be necessary in order that the net amounts received by the Holders after the withholding or deduction shall equal the respective amounts which would have been received in respect of the Securities or Coupons, as the case may be, in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Security or Coupon:

(a) the Holder of which is liable to the Taxes in respect of the Security or Coupon by reason of his having some connection with the Netherlands other than the mere holding of the Security or Coupon; or

(b) surrendered for payment (where surrender is required) in the Netherlands; or

(c) in circumstances where such withholding or deduction would not be required if the Holder or any person acting on his behalf had obtained and/or presented any form or certificate or had made a declaration of non-residence or similar claim for exemption to the relevant tax authority upon the making of which the Holder would have been able to avoid such withholding or deduction; or

(d) surrendered for payment (where surrender is required) more than thirty (30) days after the Relevant Date except to the extent that a Holder would have been entitled to Additional Amounts on surrendering the same for payment on the last day of the period of thirty (30) days assuming (whether or not such is in fact the case) that day to have been a Business Day.

The Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (**FATCA Withholding**) as a result of a Holder, Couponholder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay Additional Amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, any Paying Agent or any other party.

As used herein, the **Relevant Date** means the date on which the payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 10 (*Notices*).

8.2 Additional Amounts

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

9. NO EVENTS OF DEFAULT

There are no events of default in respect of the Securities. However, any Holder may give written notice to the Fiscal Agent at its specified office that its Security is immediately due and payable at its Prevailing Principal Amount, together with accrued but not cancelled interest thereon, if any, to the date of payment, in the event of a liquidation of the Issuer. Liquidation may occur as a result of the winding-up of the Issuer (*ontbinding en vereffening*) or bankruptcy (*faillissement*) of the Issuer.

10. NOTICES

All notices regarding the Securities shall be published (i) in a leading English language daily newspaper of general circulation in London, which is expected to be the *Financial Times* and (ii) so long as the Securities are listed on the regulated market of Euronext Dublin and the rules of Euronext Dublin so require, also in a leading newspaper having general circulation in Dublin, which is expected to be the Irish Times.

Until such time as any definitive Securities are issued, there may (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit), so long as the global Security is held in its entirety on behalf of the Securities Settlement System, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to the Securities Settlement System for communication by it to the Holders, provided that for so long as any Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will also be published in the manner required by those rules. Any such notice shall be deemed to have been given to the Holders on the day on which the said notice was given to the Securities Settlement System.

Notices to be given by any Holder shall be in writing and given by lodging the same, together (in the case of any Security in definitive form) with the relative Security or Securities, with the Fiscal Agent. Whilst any of the Securities are represented by a global Security, such notice may be given by any Holder to the Fiscal Agent via the Securities Settlement System in such manner as the Fiscal Agent and the Securities Settlement System may approve for this purpose.

11. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of Securities will become void unless presented for payment within a period of five (5) years from the appropriate relevant due date for payment thereof.

Any Coupon sheet issued on exchange of a Talon shall not include any Coupon which payment claim would be void pursuant to this Condition or Condition 5.5 or any Talon which would be void pursuant to Condition 5.5 (*Deduction for unmatured Coupons*).

12. MEETINGS OF HOLDERS AND MODIFICATION

12.1 Meetings of Holders

The Agency Agreement contains provisions for convening meetings of the Holders to consider matters relating to the Securities, including the sanctioning by an Extraordinary Resolution of a modification of the Securities, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Holders holding not less than 5 per cent. in Prevailing Principal Amount outstanding at such time. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in Prevailing Principal Amount outstanding at such time, or at any adjourned meeting one or more persons being or representing Holders whatever the Prevailing Principal Amount outstanding at such time so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Securities or Coupons (including modifying any date for payment of principal or interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Securities or altering the currency of payment of the Securities or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in Prevailing Principal Amount outstanding at such time. An Extraordinary Resolution passed at any meeting of Holders shall be binding on all the Holders, whether or not they are present at the meeting, and on all Couponholders.

Convening notices shall be made in accordance with Condition 10 (*Notices*).

The Agency Agreement provides that, if authorised by the Issuer, a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent. in Prevailing Principal Amount outstanding at such time shall for all purposes be as valid and effective as an extraordinary resolution passed at a meeting of Holders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Holders through the Securities Settlement System. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

Resolutions of Holders will only be effective if such resolutions have been approved by the Issuer and, if so required, by the Relevant Supervisory Authority.

12.2 Modification

Subject to obtaining the permission therefor from the Relevant Supervisory Authority if so required, the Fiscal Agent and the Issuer may agree, without the consent of the Holders or Couponholders, to:

(a) any modification (except as mentioned above) of the Agency Agreement which, in the sole opinion of the Issuer, is not materially prejudicial to the interests of the Holders and Couponholders; or

(b) any modification of the Securities, the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer (acting reasonably), of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Holders and the Couponholders and any such modification shall be notified to the Holders in accordance with Condition 10 (*Notices*) as soon as practicable thereafter.

13. FURTHER ISSUES

The Issuer may from time to time without the consent of the Holders create and issue securities, having terms and conditions the same as those of the Securities, except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Securities.

14. GOVERNING LAW AND JURISDICTION

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

Any action against the Issuer in connection with the Securities will be submitted to the exclusive jurisdiction of the competent courts in Amsterdam, the Netherlands.

FORM OF THE SECURITIES

The Securities will initially be in the form of the Temporary Global Security which will be deposited on the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Securities will be issued in new global note (**NGN**) form. On 13 June 2006, the European Central Bank (the **ECB**) announced that Securities in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the **Eurosystem**), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Securities in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Securities are not intended to be held in a manner which would allow Eurosystem eligibility - that is, in a manner which would allow the Securities to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. Whilst the Securities are not intended to be held in a manner which would allow Eurosystem eligibility at the date of this Offering Memorandum, should the Eurosystem eligibility criteria be amended in the future such that the Securities are capable of meeting them the Securities may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Whilst any Security is represented by the Temporary Global Security and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Security are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear or Clearstream, Luxembourg and Euroclear or Clearstream, Luxembourg have given a like certification (based on the certifications they have received) to the Agent.

On and after the date (the **Exchange Date**) which is not less than 40 days after the Issue Date, interests in the Temporary Global Security will be exchangeable (free of charge), upon request as described therein, for interests in the Permanent Global Security against certification of beneficial ownership as described in the second sentence of the preceding paragraph. The holder of the Temporary Global Security will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Security for an interest in the Permanent Global Security is improperly withheld or refused.

So long as the Securities are represented by a Temporary Global Security or a Permanent Global Security and the relevant clearing system(s) so permit, the Securities will be tradable only in the minimum authorised denomination of EUR200,000 and higher integral multiples of EUR1000, notwithstanding that no Definitive Securities will be issued with a denomination above EUR399,000.

The Permanent Global Security will be exchangeable (free of charge), in whole but not in part, for security printed Definitive Securities with interest coupons or coupon sheets and talons attached. Such exchange may be made only upon the occurrence of an Exchange Event and if permitted by applicable law. An **Exchange Event** means the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Holders in accordance with Condition 10 (*Notices*) upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event any person who is at any time shown as accountholder in the records of Euroclear and/or Clearstream, Luxembourg as persons holding a principal amount of interest in the Permanent Global Security may give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date on which the relevant notice is received by the Agent. The Temporary Global Security, the Permanent Global Security and Definitive Securities will be issued pursuant to the Agency Agreement.

Payments of principal and interest (if any) on a Permanent Global Security will be made through Euroclear or Clearstream, Luxembourg without any requirement for certification. Definitive Securities will be in the standard euromarket form. Definitive Securities and any Global Security will be to bearer.

A Security may be accelerated by the holder thereof in limited circumstances described in Condition 9 (*No Events of Default*). In such circumstances, where any Security is still represented by a Global Security and a holder of such Security so represented and credited to his account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Security, unless within a period of 15 days payment has been made in full of the amount due in accordance with the terms of such Global Security, holders of interests in such Global Security credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear or Clearstream, Luxembourg on and subject to the terms of the relevant Global Security.

USE OF PROCEEDS

The net proceeds of the Securities will be used for the general corporate purposes of the Group (which may include, without limitation, the refinancing of existing debt, including other callable capital securities, and share buy-backs).

DESCRIPTION OF THE ISSUER

General information

Achmea B.V. (**Achmea**) was incorporated by deed of incorporation on 30 December 1991. Achmea is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and operating under the laws of the Netherlands, including the Dutch Civil Code (*Burgerlijk Wetboek*), with its corporate seat in Zeist. The registered office of Achmea is Handelsweg 2, 3707 NH Zeist, telephone number +31 (0)30 6937000. Achmea is registered with the Trade Register of the Dutch Chamber of Commerce, registration number 33235189. Achmea's commercial name is Achmea. The Legal Entity Identifier number of Achmea is 7245007QUMI1FHIQV531.

The articles of association of Achmea (the **Articles of Association**) were most recently amended by deed of amendment dated 19 April 2013.

Objectives

Pursuant to Article 2 of the Articles of Association, the objectives of Achmea are to participate in, to finance or in any other way take an interest in, and to conduct the management of, other companies and business enterprises, to acquire, own, operate and encumber movable and immovable property, to invest in other companies and enterprises, to invest in property, securities and deposits, to render services in the field of commerce and finance, to give guarantees and to bind itself for obligations of companies and business enterprises with which it is associated in a group of companies, and to do anything that is, in the widest sense of the word, connected with the aforementioned objectives or can be conducive to the attainment thereof.

History

Achmea's history dates back to 1811. The Group (as defined below) was formed by the mergers and acquisitions of numerous mutual and cooperative insurance providers over a period of over two centuries. The history of Achmea begins as Onderlinge Waarborgmaatschappij 'Achlum', founded by farmer Ulbe Piers Draisma in 1811.

On 18 November 2011 a legal merger took place between Eureko B.V. and its fully owned subsidiary Achmea Holding N.V. where the latter was merged into Eureko B.V. Eureko's name was subsequently changed into Achmea as of 19 November 2011.

Business

Overview

Achmea is a financial services provider whose core business is insurance. Through its subsidiaries, which comprises amongst others Achmea Pensioen- en Levensverzekeringen N.V., Achmea Schadeverzekeringen N.V., NV Hagelunie, Achmea Zorgverzekeringen N.V., Zilveren Kruis Zorgverzekeringen N.V., Achmea Reinsurance Company N.V., Achmea Bank N.V., Achmea Interne Diensten N.V., Achmea Services N.V., Zilveren Kruis Health Services N.V., InShared Holding B.V., Achmea Investment Management B.V., Achmea Pensioenservices N.V., Syntrus Achmea Real Estate & Finance B.V., Eureko Sigorta A.S., Interamerican Hellenic Life Insurance Company SA, Union Poistovna AS, Union Zdravotna Poistovna AS and Onlia Holding INC (50%) (collectively, the Group), Achmea offers a full range of insurance products and related financial products through the banking, direct and brokerage distribution channels. In the Netherlands, main products are property & casualty insurance, income protection insurance, health insurance, term life insurance, asset management and retirement services and retail annuity products. Outside the Netherlands, Achmea operates in Turkey, Greece, Cyprus, Slovakia, Australia and Canada. (See "*Business Lines - International*").

The Group's primary goal is to develop products and services that meet the needs of its customers – private individuals, companies and other organisations. The Group employs a multi-brand, multi-channel strategy to distribute its products among clients. It has a broad range of product offerings and a full range of distribution channels in order to position itself advantageously within different customer and pricing segments. Within the Netherlands, the Group primarily uses its brands Interpolis in the banking distribution channel, FBTO, Centraal Beheer, Zilveren Kruis, Inshared in the direct distribution channel and Avéro Achmea in the broker distribution channel. De Friesland Zorgverzekeraar (health) previously had a relatively independent position within the Group as a separate division and was also responsible for the operational management of FBTO's health portfolio, but has recently been integrated into Achmea Zorgverzekeringen N.V.

Business Lines

Achmea organises its operations according to five market-oriented chains: Non-Life, Health, Retirement Services, Pension & Life and International. These five chains are outlined below:

Non-life Netherlands

Achmea is one of the market leaders in the Netherlands in non-life insurance, holding an estimated market share of more than 20%, offering brands such as Centraal Beheer, Interpolis and FBTO. Through the direct, banking and brokerage channels, Achmea provides its private and commercial customers with car insurance, home insurance, home contents insurance, liability insurance, travel insurance. In addition, Achmea offers various types of sickness insurance and individual and group disability insurance. For the year ended 31 December 2018, 17%[1] of total gross written premiums (**GWP**) are generated by Non-Life Netherlands.

Health Netherlands

Achmea is one of the market leaders in the Netherlands in health insurance.[2] Achmea provides health insurance for approximately five million people in the Netherlands. Health gross written premiums represent a significant share of total GWP, 69%[3] for the year ended 31 December 2018, mainly as a result of the mandatory basic health insurance. Achmea offers basic and supplementary health insurance and health services in the Netherlands.

Retirement Services Netherlands

With the launch of the new strategy for Retirement Services, Achmea is focusing on the changing needs of customers, changes in society and further modifications in the pension system. These changes are resulting in new ways to save for retirement. As part of these efforts, Achmea established the Centraal Beheer Algemeen Pensioenfonds (the **CB APF**) in 2016 as an alternative to pension insurance. Through additional products and services provided by Achmea Investment Management and Achmea Bank for the third and fourth pillars of the pension system, Achmea provides a comprehensive solution. As of 31 December 2018, Achmea Investment Management has €129 billion assets under management for institutional and retail clients. Achmea has been engaged through Achmea Pensioenservices N.V. to carry out pension management activities for the CB APF. Achmea Pensioenservices N.V. also provides pension management activities to company and voluntary

[1] Annual Report 2018
[2] Vektis figures 2018
[3] Annual Report 2018

industry pension funds. Achmea has all the skills required within its ranks to carry out this initiative, and is managing this as part of an integrated strategy.

Pension & life Netherlands

With the launch of the new Retirement Services strategy and the establishment of the CB APF, Achmea has taken the strategic decision to stop offering new pension insurance products and to focus its pension strategy completely towards providing services to the CB APF. With its Retirement Services solutions Achmea keeps a competitive offer to the pension market. It has created a closed-book pension which it integrated with the existing closed-book Life. The closed book organisation focuses on further cost management and on optimising free cash flows while maintaining the current high customer satisfaction scores. When it comes to new business, Achmea is focusing exclusively on term life insurance policies (the **ORV**) and on immediately effective annuities and pensions. These insurance solutions are part of Achmea's proposition for retirement services. For the year ended 31 December 2018, gross written premiums from Achmea's Pension & Life activities represent 7% of total GWP[4].

International

Achmea operates in six markets outside the Netherlands: Greece, Turkey, Slovakia, Cyprus, Australia and Canada. In Greece, Interamerican Greece offers non-life, life and health products and services as well as an integrated roadside assistance service. Moreover, Interamerican Greece also offers online car insurances in Cyprus. Wholly-owned Eureko Sigorta in Turkey offers a full range of non-life and health products through the banking channel. Achmea also has a minority share in the Turkish pension services provider Garanti Emeklilik. Union Slovakia provides a product portfolio of non-life, health and life products. Achmea was granted a licence at the end of 2013 to sell insurances in Australia. Under the brand name Achmea Australia, Achmea sells non-life insurance products and services to amongst others Rabobank's agricultural customers in Australia. Achmea expanded its activities into Canada where it launched its digital insurance company Onlia. Furthermore, Hagelunie is a Dutch insurance company specialising in glass horticultural insurance for growing agricultural products in Europe and the world. Gross written premiums from Achmea's International business line represent 5% of total GWP[5].

Other Activities

The Other Activities segment includes Achmea's strategic investments, the results of its Shared Service Centers, activities at the holding company level, Achmea Reinsurance and Syntrus Achmea Real Estate & Finance.

Organisation structures

The shareholder structure of the Group is as follows as of 31 December 2018. The percentages reflect the voting rights in the General Meeting of Shareholders of Achmea.

[4] Annual Report 2018
[5] Annual Report 2018

	Voting rights	Capital rights
Vereniging Achmea (directly and through STAK)	60.76%	64.48%
Rabobank	28.27%	30.00%
BCP Pension Fund	2.57%	2.73%
Gothaer Allgemeine Versicherung	0.50%	0.53%
Gothaer Finanz Holding	0.57%	0.61%
Schweizerische Mobiliar Holding	0.67%	0.71%
Stichting Beheer Aandelen Achmea	0.89%	0.94%
Achmea Tussenholding B.V.*	5.78%	-

* Preference shares.

Corporate Governance

Achmea adheres to the following relevant corporate governance codes: the Code of Conduct for Insurers, the Banking Code, the Dutch Corporate Governance Code and the Achmea Code of Conduct.

Code of Conduct for Insurers

The Code of Conduct for Insurers includes a number of principles relating to the careful treatment of customers and the permanent education of directors and internal supervisors. This Code of Conduct (2018 version) combines existing and new self-regulation of the sector with general provisions, including core values and rules of conduct. Based on the Code of Conduct for Insurers, insurers give more depth to their public role, drawing on their own corporate vision. Achmea is doing this by means of, for example, its cooperative identity and strategy map, and has integrated this into its processes and the Achmea Code of Conduct.

Banking Code

The services Achmea provides to its customers also include banking activities, which are offered through Achmea Bank N.V. The Banking Code (2015), Het Maatschappelijk Statuut (the Social Charter) and the rules of conduct associated with the Bankers' Oath together make up the Future-Oriented Banking package. The purpose of this package is to play a key role in restoring trust in society in relation to banks and their roles in the community. Achmea Bank N.V. abides by the Banking Code. Achmea Bank N.V. accounts for its compliance with the Banking Code principles on the websites www.achmeabank.nl and www.achmeabank.com. Here, specific examples are used to illustrate how the principles were complied with.

Corporate Governance Code

Since 1 January 2004, listed companies in the Netherlands have been required to report on compliance with the Dutch Corporate Governance Code in their management report on a 'comply or explain' basis. Although Achmea has listed instruments it is not a listed company. Achmea has voluntarily adopted and embedded the majority of the Code's principles in its governance structure. Where applicable, Achmea is almost fully in compliance with the principles and best practices. This description refers to the best practice provisions of the Dutch Corporate Governance Code that apply to the Issuer for the fiscal year ended 31 December 2018. In 2018, Achmea did not fully comply with the following three principles of the Dutch Corporate Governance Code:

- **The independence of members of the Supervisory Board (principle 2.1.8.)**: Although all members of Achmea's Supervisory Board fulfil their duties without interference or consultation, as of 31 December 2018 two of the eight members of the Supervisory Board of Achmea did not comply with the individual independence principle because they are members of an executive board or supervisory board of an organisation holding more than 10% of the shares in Achmea. Members of Achmea's Supervisory Board are nominated by its shareholders (i) Vereniging Achmea, (ii) Rabobank, (iii) Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Schweizerische Mobiliar Holding jointly, and by the Central Works Council. Mr De Weijer was nominated by Vereniging Achmea and also serves on the board of Vereniging Achmea, which is composed of customers' representatives. However, this relationship is considered appropriate for Achmea because of its identity as a cooperative and the relationship with Vereniging Achmea as a shareholder, whose focus is more on the interests of the customer and Achmea's continuity. Ms Hofsté was nominated as a member of the Supervisory Board of Achmea by the Central Works Council in 2015 and joined the Rabobank Supervisory Board in late December 2016. In addition, no single group of members of the Supervisory Board nominated by individual shareholders or the Central Works Council has a majority on the Supervisory Board. Members of the Supervisory Board are nominated by the General Meeting based on their expertise and independence and take part in the meetings without reference to or prior consultation with the parties which nominated them. Where appropriate, they refrain from participating in deliberations or decision-making. Incidentally, principle 2.1.8 needs to be taken in conjunction with principle 2.1.7, whereby 2.1.7 pertains to the criteria for guaranteeing independence of the board as a whole. The independence of the board is guaranteed and its composition complies with the criteria laid down in principle 2.1.7.

- **The duration of the appointment of members of the Executive Board (principle 2.2.1.)**: The Corporate Governance Code recommends that members of the Executive Board be appointed for a term of four years. The only exception, where Achmea does not comply with this principle, is the term of the Chairman of the Executive Board. His appointment is for an indefinite period of time, and this contractual arrangement is complied with.

- **Adoption of the remuneration policy for the executive board by the AGM (principle 3.1.1.)**: The Supervisory Board determines the salary and the terms and conditions of employment of members of the Executive Board. Achmea's remuneration policy is also assessed by the Remuneration Committee and adopted by the Supervisory Board. Achmea regards this as a matter for the Supervisory Board and therefore does not submit the matter to the General Meeting. The General Meeting is informed annually of the remuneration of the Executive Board members via sections in the year report on this remuneration and via the annual Remuneration Report.

The manner in which Achmea has adopted and embedded the Corporate Governance Code was discussed with, and has been approved by, the Supervisory Board. The General Meeting has likewise approved Achmea's current corporate governance structure.

Achmea Code of Conduct

Achmea aims to be a leader in terms of its own rules of conduct and in terms of anticipating current and new regulations. For example, Achmea has decided that all employees take a special oath or affirmation for the financial industry, which is in line with the Achmea's cooperative identity. Active control, exercised to foster integrity and prevent integrity violations and fraud limits any negative impact on trust, returns and the cost of claims. Achmea has therefore drawn up an Achmea Code of Conduct to ensure ethical conduct in accordance with Achmea's values and standards.

By recording duties and responsibilities in the area of fraud, risk management and checks, the control over and limitation of fraud is secured. Should an ethics violation or incident of fraud nevertheless occur, this can be reported on a confidential basis. A whistleblower policy is in place for this purpose and available at www.achmea.nl.

Agreement among the largest shareholders of Achmea

Following strategic agreements between Rabobank, Vereniging Achmea and Achmea in 2011, parties have agreed that the business cooperation between Rabobank and Achmea shall be based on a preferential partnership rather than on exclusivity. Furthermore, adjustments have been made to the Articles of Association that require that certain decisions as explained below must have the approval of 80% of the votes in the General Meeting.

Amongst others, the following decisions of the Executive Board of Achmea need the prior approval from the supervisory board and the General Meeting, where the General Meeting needs to resolve positively with a qualified majority of 80% of the votes and with observance of an 80% quorum:

1. crucial strategic resolutions that contain a fundamental change in course in the strategy of the company or changing the character of the company and/or affecting the interests of Rabobank materially including decisions to enter into or terminate strategic participations and/or lasting cooperation agreements; and

2. the acquisition or the selling of interests or of assets and liabilities or entering into other transactions if these have a financial impact of more than €250 million.

In addition to the above, Rabobank has the right to nominate a member for appointment in Achmea's supervisory board.

Supervision

With the introduction of Solvency II on 1 January 2016 Achmea is under group supervision by DNB, as Achmea is the holding company of several (re) insurance subsidiaries. In such cases, supervision of the individual insurance firms in the group is supplemented by supervision of the group as a whole. This means that almost all elements of Solvency II are, mutatis mutandis, applied to the group (Section 3:285 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*)). In addition, Achmea is subject to supervision by the DNB under the Dutch Financial Supervision Act on the basis of the rules for supervision of financial conglomerates. Please note that several group companies of Achmea are subject to direct supervision of the AFM, and/or the DNB and are also subject to the Dutch Financial Supervision Act.

Supervisory and Executive Board

The Executive and Supervisory Boards of Achmea are composed as follows. Any principal activities performed by members of the Executive and Supervisory Boards are mentioned as well after their respective names.

Executive Board

Members of the Executive Board are appointed by the Supervisory Board on the non-binding nomination of the (indirect) A-shareholder: Vereniging Achmea. Executive Board members are selected based on their proven experience and competence in the financial services industry where Achmea strives for recruitment within the organisation for the appointment of members of the Executive Board. The members of the Executive Board provide a good mix of specific insurance experience (health, non-life, life & pensions), experience in the public/private market (healthcare, pensions) and the various distribution channels (direct, broker and banc assurance), as well as areas such as Finance, IT and HR. All current Achmea Executive Board members match the general profile for members of the Executive Board and have been approved by the Dutch regulators.

The Executive Board is comprised of six members (four male and two female). Achmea aims to establish a good male/female ratio on the Executive Board. In addition to the aim of maintaining a balance in the Executive Board's skills while ensuring at the same time that newly appointed members have the experience required in terms of insurance, financial and risk experience, improving gender diversity is included in considerations regarding the filling of Executive Board vacancies. The advancement of women to top positions remains a priority in successor planning for the Executive Board and the management level immediately below the Executive Board. Although Achmea recognises the importance of greater gender diversity and quality, maintaining and strengthening the right mix of skills remain the key decisive factors in the selection process.

W.A.J. van Duin (chairman)

- Member of the Board of European Alliance Partners Eurapco, Zürich – Switzerland
- Chairman of the Board Dutch Association of Insurers (Verbond van Verzekeraars VvV), The Hague - the Netherlands
- Chairman Supervisory Board Dutch Reinsurance for Terrorism (NHT), The Hague – the Netherlands
- Board member Dutch Organisation of Employers, (VNO-NCW, Vereniging van Nederlandse Ondernemers - Nederlands Christelijk Werkgeversverbond), The Hague - the Netherlands
- Board Member of the Achmea Foundation, Zeist – the Netherlands
- Board Member of the Stichting Beheer Aandelen Achmea, Zeist - the Netherlands
- Member Supervisory Board Pharm Access Group
- Chairman International Federation of Health Plans (IFHP), London - UK
- Representative of Achmea in the Geneva Association
- Board Member of the Association RVS, Monte-Carlo, Monaco

M.A.N. Lamie (CFO)

- Board member Achmea Pensioen & Levensverzekeringen N.V.
- Board member Achmea Schadeverzekeringen N.V.
- Chairman Supervisory Board Achmea Reinsurance Company N.V.

L. Suur

- Board member Achmea Schadeverzekeringen N.V.
- Member Advisory Board Foundation Microcredit for Mothers (Stichting Microkrediet voor Moeders)

H. Timmer (CRO)

- Member of the Expert Group on Security of Stichting Maatschappij en Veiligheid
- Representative of Achmea in the CRO Forum which is a group of professional risk managers representing the European insurance industry which focuses on developing and promoting best practices in Risk Management

R. Otto

- Board member Achmea Pensioen & Levensverzekeringen N.V.
- Board member of The Association of online retailers Thuiswinkel.org
- Chairman of the Supervisory Boards of Hagelunie and InShared
- Member Supervisory Board Achmea Reinsurance Company N.V.

- Chairman Supervisory Board Eureko Sigorta – Turkey
- Board Member AMICI
- Chairman Supervisory Board Union
- Chairman Supervisory Board Interamerican Greece
- Member Supervisory Board Onlina
- Chairman Supervisory Board Achmea Australia

B.E.M. Tetteroo

- Member Supervisory Board of De Kunsthal
- Member Supervisory Board Achmea Bank N.V.
- Member Supervisory Board Syntrus Achmea Real Estate & Finance
- Member Supervisory Board Achmea Investment Management N.V.

Supervisory Board

The Supervisory Board currently has eight members. Members are appointed by the General Meeting for four years. They can be reappointed for a further four-year term. After such reappointment they can be reappointed twice for a two-year term. The composition of the Supervisory Board and nominations in the event of vacancies reflect the cooperative shareholder structure and employee participation through Achmea's Central Works Council. In conjunction with the shareholders, the company decided in 2013 to reduce the maximum number of Supervisory Board members from twelve to ten members, which coincided with a reduction in the number of nominations made by majority shareholders. Vereniging Achmea is authorised to nominate candidates for four[6] seats on the Supervisory Board.

The foundation (Stichting Administratie Kantoor Achmea) has three board members which are also board members of Vereniging Achmea. This foundation holds the A-share and has the right to appoint the chairman from among the members of the Supervisory Board. Rabobank may nominate a candidate for one[7] seat. Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Swiss Mobiliar have the right to jointly nominate one candidate. The Central Works Council is entitled to directly nominate three members[8], based on the enhanced right of recommendation of the Central Works Council. The members of the Supervisory Board each attend a meeting of the COR at least once a year. All the proposed changes to the composition of the Supervisory Board are submitted for approval to the General Meeting and are discussed with the COR.

The Supervisory Board currently has eight members. If a position becomes available, the company's objective is to maintain a balanced mix of skills in the Supervisory Board while at the same time ensuring that the newly appointed member also has the required insurance, financial and risk management experience. Members of the Supervisory Board are selected and appointed based on a profile of the required professional background, education, experience (international experience), skills, diversity and independence. The current composition of the Supervisory Board is such that the members can perform their duties properly because of the appropriate mix of experience and expertise. As of 11 April 2019, the Supervisory Board consisted of five male and three female members.

In addition to diversity in terms of knowledge, expertise and age, there is also gender diversity. Achmea's Supervisory Board therefore meets the legal requirement regarding gender diversity. All members of the Supervisory Board are in compliance with the Management and Supervision (Public and Private Companies) Act in terms of the number of supervisory board memberships that they hold.

[6] Effective 11 April 2019: Veenman, Wijmenga, De Weijer and Van den Berg.
[7] Vacancy
[8] Lückerath, Sneller and Hofsté

A.W. Veenman (chairman)
- Member of the Audit & Risk Committee Achmea B.V.
- Chairman Supervisory Board Achmea Schadeverzekeringen N.V.
- Chairman Supervisory Board Achmea Pensioen- en Levensverzekeringen N.V.
- Chairman national economic cluster 'Topsector Logistiek'
- Chairman Stichting Continuiteit SBM off shore
- Advisor Royal Huisman Shipyard B.V.
- Member Supervisory Board TenneT GmbH
- Chairman Advisory Council National Aerospace Research Center (NLR)
- Member Supervisory Board One Logistics

R.Th. Wijmenga
- Chairman of the Audit & Risk Committee Achmea B.V.
- Member Supervisory Board Achmea Pensioen & Levensverzekeringen N.V.
- Member Supervisory Board Achmea Schadeverzekeringen N.V.
- Chairman Philips Pensioen Fonds

W.H. de Weijer (vice-charman)
- Chairman Supervisory Board of Achmea Zorgverzekeringen N.V. and its subsidiaries
- Member Supervisory Board of Achmea Pensioen- en Levensverzekeringen N.V.
- Member Supervisory Board of Achmea Schadeverzekeringen N.V.
- Board Member Vereniging Achmea
- Chairman Supervisory Board of Wielco/Medux B.V.
- Member Supervisory Board of ADG
- Chairman Supervisory Board Het Gastenhuis B.V.
- Board Member Stichting Kinderopvang Noord-Holland
- Director / Owner W. de Weijer, board advice
- Advisor NPM Capital

M. Lückerath-Rovers
- Member Supervisory Board Achmea Pensioen- en Levensverzekeringen N.V.
- Member Supervisory Board Achmea Schadeverzekeringen N.V.
- Professor Corporate Governance Tilburg University/TIAS
- Member Supervisory Board and Member Audit Committee of the Royal Dutch Guide Dog Foundation
- Member of the Pension Fund Code Monitoring Committee
- Member of the editorial board of the Corporate Governance Yearbook
- Member Supervisory Board NRC
- Member Advisory Board Diergaarde Blijdorp

A.C.W. Sneller
- Member Audit & Risk Committee Achmea B.V.
- Member Supervisory Board of Achmea Pensioen- en Levensverzekeringen N.V.
- Member Supervisory Board of Achmea Schadeverzekeringen N.V.
- Member Supervisory Board Achmea Zorgverzekeringen N.V. and its subsidiaries
- Professor of Accounting Information Systems and Management Accounting at Nyenrode Business University
- Member Supervisory Board ProRail
- Member Supervisory Board CCV
- Non-executive director at Ortec

- Board member Coöperatie Bureau voor Management en ICT
- Chairman External Audit Committee Wigo4IT
- Member Advisory Board Bits of Freedom
- Member Supervisory Board Hal Armstrong Beheer B.V. (formerly Infomedics B.V.)

P.H.M. Hofsté
- Member Audit & Risk Committee Achmea B.V.
- Member Supervisory Board Achmea Pensioen- en Levensverzekeringen N.V.
- Member Supervisory Board Achmea Schadeverzekeringen N.V.
- Member Supervisory Board Achmea Investment Management N.V.
- Member Supervisory Board and Chairman Audit Committee Rabobank
- Member Supervisory Board and Chairman Audit Committee Kasbank N.V. (until September 2019)
- Member Supervisory Board and Audit Committee Fugro N.V.
- Member of the Board and Executive Committee and Chairman Audit Committee of Stichting Nyenrode
- Member of the Board and Treasurer of Vereniging Hendrick de Keyser
- Member Advisory Board Msc Accounting & Control, Faculty of Economics VU
- Board member Stichting Capital Amsterdam
- Member Supervisory Board Pon Holdings B.V.

J. van den Berg
- Member Supervisory Board Achmea Schadeverzekeringen N.V.
- Member Supervisory Board Achmea Pensioen- en Levensverzekeringen N.V.
- Member Supervisory Board Achmea Zorgverzekeringen N.V. and its subsidiaries
- Member Supervisory Board of DHFL Pramerica Life Insurance
- Member Supervisory Board of DHFL Pramerica Asset Management
- Chairman Supervisory Board MyTomorrows

R.A. Joosten
- Member Supervisory Board of Achmea Pensioen- en Levensverzekeringen N.V.
- Member Supervisory Board of Achmea Schadeverzekeringen N.V.
- Member of the Board of Migros Genossenschaftsbund, Switzerland
- Member Supervisory Board Rotterdam School of Management
- Chairman alumni relations/fund acuisition Uboo Emmius fonds RUG

All members of the Executive and Supervisory Board elect domicile at Achmea B.V., Handelsweg 2 (3707 NH), the Netherlands.

At present there are no conflicts or potential conflicts of interest between any duties of the Executive Board and/or the Supervisory Board of Achmea and their private interests and/or other duties of members of the Executive Board and/or the Supervisory Board of Achmea. Members of the Executive Board and/or Supervisory Board may, however, obtain financial services from the Group. Further, internal rules are in place for the situation in which a conflict of interest should arise.

Audit & Risk Committee

The Audit & Risk Committee is a committee of the Supervisory Board and consists of at least three members of the Supervisory Board. The Audit & Risk Committee currently consists of Mr R.Th. Wijmenga (chairman), Mr A.W. Veenman, Ms P.H.M. Hofsté, and Mrs. A.C.W. Sneller. It meets at least seven times a year, next to at least one meeting a year with solely the external auditors. The external auditors may request an additional meeting if they consider this necessary without management being present. Meetings of the Audit & Risk Committee are usually attended by the Chairman of the Executive Board, the Chief Financial Officer, the Chief Risk Officer and the director of Internal Audit. At the Chairman's request, the directors of Finance, Compliance and Risk Management are invited to discuss the agenda items relevant to them. Specialists may be invited to attend part of the meeting for discussions on specific topics.

Responsibilities and duties

The Audit & Risk Committee advises the Supervisory Board in fulfilling its supervising responsibilities.

Therefore the Audit & Risk Committee reviews, amongst others:

(i) (the integrity of) the Group's financial reporting process;

(ii) the Group's actuarial reporting and modelling;

(iii) the effectiveness of the Group's internal controls;

(iv) the Group's risk management processes;

(v) the effectiveness of the compliance processes with regard to regulatory issues;

(vi) the external audit processes; and

(vii) any other matters as directed by the Supervisory Board.

Share capital

The authorised share capital as at 31 December 2018 comprises of 2,103,943,009 ordinary shares, 1 A share and 60,000,000 preference shares. The issued share capital as at 31 December 2018 is €434,724,234[9] and consists of 410,820,173 ordinary shares, 1 A share and 23,904,060 preference shares as at 31 December 2018. All issued shares have been paid up in full.

The largest shareholder of the ordinary shares and holder of the A share of Achmea is Vereniging Achmea (directly and through Stichting Administratiekantoor Achmea, the shareholder that has issued depository receipts for shares to Vereniging Achmea), holding 60.76% of the voting rights as at 31 December 2018.

There are special rights attached to the A share. Certain shareholders resolutions require the approval of the holder of the A Share, as further set out in the Articles of Association, and including, without limitation, resolutions relating to the share capital of Achmea, mergers and the dissolution.

Each of the holders of ordinary shares, the A share and the preference shares are entitled to receive dividends as declared from time to time as well as to distributions upon liquidation of Achmea. The ordinary shares and the A share carry identical financial rights and each of these shares is entitled to one vote at the General Meetings. In addition, the A share is entitled to the special rights described above.

The preference shares in the share capital of Achmea are held by Achmea Tussenholding B.V. All shares in Achmea Tussenholding B.V. are held by Stichting Administratiekantoor Achmea Tussenholding that, in turn, has issued share certificates to investors. The investors are therefore the

[9] 434,724,233 ordinary shares and 1 A-class share (all with a nominal value of €1,-)

recipients of dividends paid on the preference shares; they do not have voting rights in the General Meeting. These lie with Achmea Tussenholding B.V.

The Articles of Association contain the following provisions regarding appropriation of results. The result will be appropriated pursuant to Article 34 of the Articles and the provisions of this article can be summarised as follows:

- The profit shall be at the disposal of the General Meeting;

- Profit may only be distributed to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law. The distribution of profit must be approved by the Executive Board. The latter will only withhold its approval if it is aware that, or should reasonably be able to anticipate that, the company, upon payment, will not be able to continue paying its due and payable debts;

- If the General Meeting decides on the distribution of dividends, first of all, if possible, a dividend equal to 7.15% of the nominal amount shall be paid to preference shareholders plus the share premium paid-up upon issue. In 2014, the percentage was reviewed and set at 3.7%. Terms on the percentage will be reviewed every ten years. The next review will take place before 1 January 2024;

- Subject to the approval of the Supervisory Board, the Executive Board shall be authorised to increase the above mentioned percentage determined in February 2014 each year with a maximum of 1.8%;

- If no dividend in cash is distributed, a dividend in the form of preference shares can be resolved upon instead; and

- If the General Meeting decides on the distribution of dividend and dividend on preference shares has not been paid in previous years, cash dividends shall first be paid to preference shareholders on these previous years, before any distribution can take place on other shares.

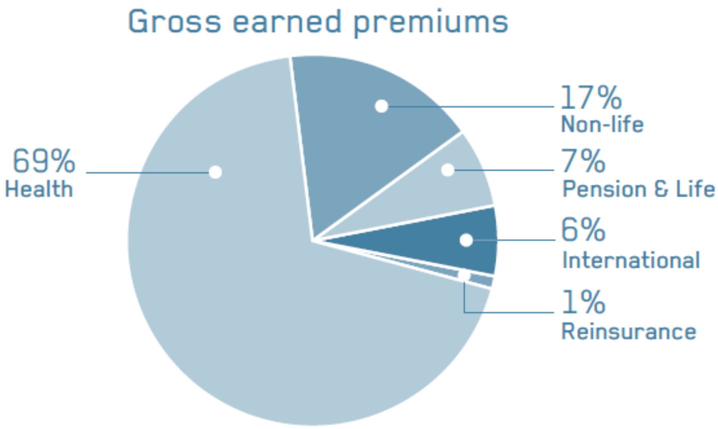
Shares subject to option and derivative agreements

Pursuant to certain share repurchase agreements, several shareholders of Achmea have the right to sell their shares on market-based conditions during a certain timeframe to third parties which are not related to Achmea. When an option is exercised, Achmea has the subsequent right to purchase these shares or to enter into a derivative transaction with the purchasing third party. Pursuant to this transaction Achmea will pay the purchaser an upfront premium equal to the settlement amount due by the purchaser to the selling shareholder under the related option. During the life of the derivative transaction, Achmea will receive all dividends distributed to the third party in return for a fixed fee. Upon unwinding of the derivative transaction, Achmea will receive from the purchaser the upfront premium paid adjusted for part of the change in value of the Achmea shares held by the third party during the life of the derivative transaction.

The options can be settled in the form of a perpetual or a 30 year subordinated debt instrument. The options can be exercised until the date of listing of Achmea on a stock exchange. In total 6,824,836 Achmea shares remain subject to the option and derivative agreements as at 15 May 2019.

2018 Financial results

Group results



RESULTS (€ MILLION)

	2018	2017	Δ
Gross earned premiums	19,918	19,350	3%
Net earned premiums	19,685	19,348	2%
Gross operating expenses[1]	2,211	2,136	4%
BREAKDOWN OF RESULTS			
Operational result (excluding Health Netherlands)	263	477	-45%
Health Netherlands	128	-128	n.m.
Operational result[2]	391	349	12%
Results before tax	566	321	76%
Net result	**315**	**216**	**46%**
BALANCE SHEET	**31-12-2018**	**31-12-2017**	**Δ**
Total assets	81,816	90,946	−10%
Total equity	9,705	9,949	-2%
SOLVENCY II			
Solvency ratio (Partial Internal Model)	198%	184%	14%-pt
FTEs	**31-12-2018**	**31-12-2017**	**Δ**
FTEs (internal)	13,714	14,582	−6%
FTEs (external)	2,922	2,848	3%

n.m.: not meaningful

1) *Gross operating expenses comprise personnel expenses, depreciation costs for land and buildings for company use and plant and equipment and general expenses, including IT expenses and marketing expenses. These are operating expenses excluding paid and due fees, profit sharing on reinsurance and fees and for the allocation of claims handling expenses and allocated investment costs*

2) *The operational result is calculated by adjusting the result before tax for certain items. These are items within income and expenses which are significant and which arise from events or transactions which are clearly distinct from the normal business operations, and are therefore not expected to occur regularly. Examples of such items include exceptional depreciation losses from goodwill and pre-tax results from disinvestments related to disinvestment operations*

Overall results

The operational result over 2018 increased to €391 million (2017: €349 million). The strong result is supported by Pension & Life and Health. Non-Life also significantly contributed to the operational result. Additionally, Retirement Services and Achmea's International activities have also shown an improvement compared to 2017.

At 95.5%, the combined ratio of Achmea's Non-Life business is the same as last year. The underlying result of Non-Life improved further. The January storms, with an impact of €85 million and 2.6%-pt on the combined ratio, were fully absorbed. The underlying results improved due to premium measures, claims management and operational expense measures. The lower operational result, compared to 2017, is caused by lower investment income.

Achmea's Health activities realised a higher result than in 2017, caused by a better result on previous years. In 2018, basic Health insurance is still loss-making. If the loss provision of €108 million, formed in 2017, is excluded, the result of basic Health is negative. Achmea was able to set basic healthcare premiums for 2019 closer to cost price than in previous years, meaning Achmea only had to make a loss provision of €21 million in the 2018 results. The result on supplementary health insurance increased due to lower use of healthcare services by Achmea's customers compared to 2017.

Pension & Life showed a strong and stable result over 2018 in which the higher technical result and lower operating expenses largely compensated the lower investment results. Achmea also continued to optimise the processes and systems in 2018 and further reduced the operational expenses.

The result of Retirement Services improved in 2018. The improvement is due to a higher interest margin at Achmea Bank, lower expenses as a result of outsourcing and lower start-up expenses of the Centraal Beheer General Pension Fund (APF). The result of Achmea Investment Management has also improved further and the AuM increased to €129 billion. The phasing out of pension administration to mandatory sectoral pension funds was successfully completed as of 1 July 2018.

Achmea's International activities show a sharp improvement in the operational result compared to 2017. With the launch of the online services in the Canadian property & casualty market and completion of the sale of Irish Life insurance company Friends First, Achmea took further steps in the implementation of the international strategy, which focuses on Achmea's core qualities: Non-Life and Healthcare expertise via digital and banking distribution channels.

The Other activities segment has a lower result this year compared to 2017. In addition to financing and shareholder expenses, the result was adversely affected by a higher cost of claims at Achmea Reinsurance, caused by storm Friederike on 18 January 2018. The reorganisation provision for reductions in the number of employees and office locations has been increased further within the context of Achmea's business plan "Delivering Together". The lower result compared to last year can also be partly attributed to one-off windfalls in 2017, a change in cost allocation and higher investments in innovation.

The net result is €315 million (2017: €216 million). This includes the transaction result from the joint venture with Fairfax in Canada (€8 million) and the sale of Independer (€167 million). In 2017, the transaction result related to the sale of Friends First, completion of the transfer of the Staalbankiers's private banking activities to Van Lanschot (€8 million) and expenses deriving from the migration of five sectoral pension funds to Centric.

OPERATIONAL RESULT SEGMENTS (€ MILLION)

	2018	**2017**
Non-Life Netherlands	97	166
Pension & Life Netherlands	334	342
Retirement Services Netherlands	15	12
International Activities	29	16
Other activities	−212	−59
Operational result (excl. Health)	**263**	**477**
Health Netherlands	128	−128
Operational result	**391**	**349**

BREAKDOWN OF NET RESULTS (€ MILLION)

	2018	**2017**
Operational result	**391**	**349**
Transaction results from sales	175	−28
Results before tax	**566**	**321**
Taxes	251	105
Net result	**315**	**216**

Gross earned premiums

Gross earned premiums increased by 3% to €19,918 million (2017: €19,350 million) in 2018. The increase in premiums was mainly driven by Achmea's basic Health insurance activities in the Netherlands.

Gross earned premiums in Retail and commercial Non-Life increased further due to portfolio growth and premium measures. Internationally, gross earned premiums also increased for the property & casualty activities in local currency, but decreased in euros due to exchange-rate effects. Gross earned premiums from life insurance activities decreased, in line with the expectations, as a result of the decision to stop actively selling pension insurance products in the Netherlands. Additionally, gross earned premiums were also lower due to the sale of Irish life insurance company Friends First as of 1 June 2018.

Operating expenses

Gross operating expenses increased to €2,211 million in 2018 (2017: €2,136 million). Adjusted for one-off effects, gross operating expenses decreased by €58 million (-3%). This decrease is mainly due to a reduction of the total workforce and lower housing expenses as a result of centralising office locations.

The reorganisation provision within the context of "Delivering Together" was further increased in 2018 in order to achieve these structural decreases. This will be used to fund a further reduction in the number of employees and office locations, partly because of merging of activities.

The total number of internal and external employees in the Netherlands declined to 13,772 FTE in

2018 (year-end 2017: 14,484 FTE). The decrease in the number of internal employees in the Netherlands with more than 700 FTE is due to the continued optimisation of processes and systems as well as strategic choices. An example is the sale of Independer which lead to a decrease of 292 FTE. Achmea previously stated that the number of employees at Achmea will decrease by 2,000 in the business plan period up to 2020. Since the start of the business plan period, the number of employees in the Netherlands has decreased by over 1,500. Hence Achmea is well on track with the execution of the business plan.

The number of internal and external employees outside the Netherlands decreased to 2,864 FTE (year-end 2017: 2,946 FTEs). This decrease is due to the sale of Irish life insurance company Friends First. When adjusted for this, the number of international employees has increased by 240 to support growth in Achmea's international business.

Investments

Investment income[10] from Achmea's own risk investment portfolio was €1,066 million in 2018 (2017: €1,248 million). Higher real estate revaluations due to improved market sentiment had a positive impact. Achmea also profited from a widening swap spread on part of the portfolio, of which the investments are valued at market interest rates and the liabilities at the swap rate. Counterbalancing these positive trends are lower realised gains on fixed income and equities, as well as lower equity valuations, caused by, among other reasons, market developments at the end of 2018. Foreign exchange results were also strongly negative in 2018. The increase in the value of the fixed-income securities and interest-rate derivatives in Achmea's Dutch pension and life insurance business, caused by fluctuations in the market interest rate, is not immediately visible in the results. All realised and unrealised investment results on fixed-income securities and interest-rate derivatives for own risk are set aside in the so-called Fund for Future Appropriation (FFA). This fund is part of Achmea's technical provisions to cover liabilities to Achmea's customers with pension or life insurance policies. As a result of lower interest rates, the FFA increased by €0.2 billion to €7 billion in 2018.

The value of Achmea's investment portfolio increased slightly to €45.1 billion (2017: €44.6 billion). This increase can mainly be attributed to the additional purchases that increased the value of the fixed-income portfolio.

Capital Management

Total equity decreased by €244 million to €9,705 million in 2018 (2017: €9,949 million). The total equity was positively affected by the net result of €315 million. The decrease is mainly the result of the share buy-back amounting to €100 million, negative revaluations, primarily on equities, exchange-rate differences arising from the depreciation of the Turkish lira, dividend payments on ordinary and preference shares and coupon payments on hybrid capital totalling €193 million.

TOTAL EQUITY MOVEMENT (€ MILLION)

Total equity as at 31.12.2017	**9,949**
Net result	315
Movements in revaluation reserve	-225
Movements in reserve for exchange-rate difference	-53
Remeasurements of net defined benefit liability	12

[10] Investment income consists of investment income (own risk) in the Consolidated Income Statement, including income from associates and joint ventures and realised and unrealised gains and losses, adjusted for investment income directly related to the insurance liabilities (both fair value and other)

Dividend and coupon payments on other equity instruments	-193
Repurchase of equity instruments	-100
Total equity as at 31.12.2018	**9,705**

Capital and liquidity position

Achmea aims to be adequately capitalised at all times. This is necessary in order to be able to protect the interests of all stakeholders in the short and long term. In this respect it is necessary to at least comply with the capital requirements under Solvency II and to attain Achmea's rating ambitions.

The holding liquidity for the first half of 2019 amounts to €619 million, which is lower than 2018 (€682 million), but higher than 2017 (€504 million).

Developments in 2018 and 2019

Key developments for capital management in 2018 and 2019:

- Achmea's capital policy describes the capital and liquidity standards for the Group and the supervised entities. Within the Group, at least €1 billion in available liquidity, consisting of a buffer at group level, excess capital above the limits of the supervised entities, and unused committed credit facilities is available to support the supervised entities if this becomes necessary.

- Besides monitoring the capital position under Solvency II Achmea also monitors the economic solvency.

- Achmea's capital requirements are calculated via an approved partial internal model. Achmea uses an internal model for Non-Life and Health SLT from the start of Solvency II per 1 January 2016. In 2018, also the internal model for market risk was approved by the College of Supervisors. It is used for prudential reporting as of 1 July 2018. An internal model more accurately reflects the risks that Achmea considers appropriate to its profile. In its Own Risk and Solvency Assessment (ORSA) performed in 2018, Achmea has defined a set of stress scenarios. Based on the assumptions used, under all but one of these stress scenario's the Solvency II ratio is expected to remain above the 165% target level. The scenario in which the Solvency II ratio is expected to fall just below the 165% target level concerns a combination of both a financial crisis and a large increase in life expectancy.

- Linked to the ORSA and the Recovery plan, Achmea has identified a set of recovery measures which, if implemented, could (partly) mitigate the impact on the Solvency II ratio of Achmea specific, or market wide, stress events. For each measure, the benefits, conditions for implementation, possible disadvantages and time needed for implementation have been identified.

Solvency II

Achmea determines the Solvency position by means of a PIM. The scope of the internal model parts is:

- Non-Life Premium and Reserve Risk stemming from the Dutch Non-life insurance activities, excluding Achmea Reinsurance Company N.V., and Greek Non-life insurance activities;

- NSLT Health Premium and Reserve Risk stemming from the Dutch Non-Life insurance activities and Greek Non-Life insurance activities;

- Non-Life Natural Catastrophe Risk stemming from the Dutch insurance activities and Greek insurance activities (excluding external incoming reinsurance contracts);

- Health Risk SLT stemming from the Dutch Non-Life insurance activities;

- Market Risk (excluding the Foreign Currency Risk and Concentration Risk), for the Dutch insurance entities and Achmea (Group).

The other risks are calculated using the Solvency II standard formula. The solvency ratio under Solvency II is 198% as at 31 December 2018 (31 December 2017: 184%). The Solvency II equity amounts to €8,925 million as at 31 December 2018 (31 December 2016: €8,386 million).

SOLVENCY RATIO (€ MILLION)

	2018	**2017**	**Δ**
Eligible own funds Solvency II	8.925	8.386	539
Solvency Capital Requirement	4.497	4.555	-58
Surplus	**4.428**	**3.831**	**597**
Ratio (%)	198%	184%	14%-pt

ELIGIBLE OWN FUNDS SOLVENCY II (€ MILLION)

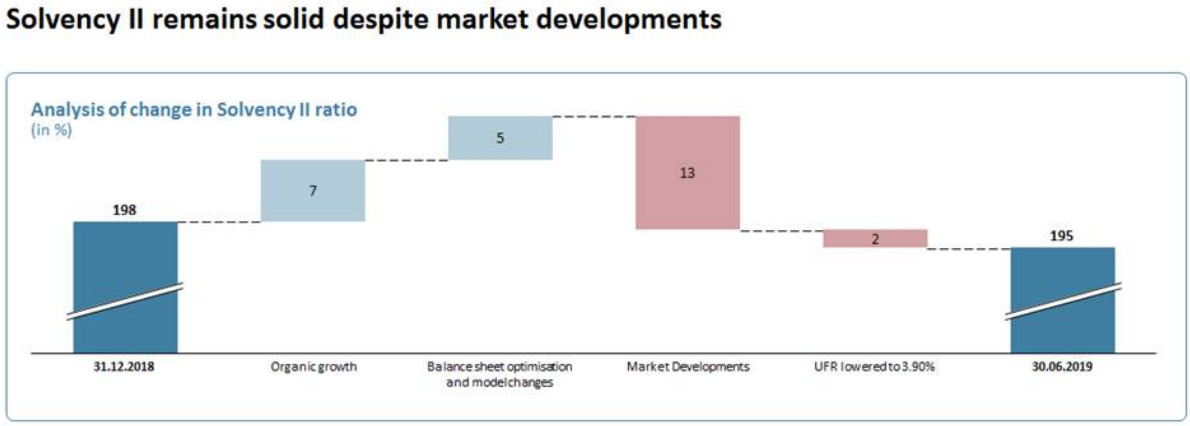
	31-12-2018	**31-12-2017**
Tier 1 restricted	1,040	911
Tier 1 unrestricted	6,030	5,452
Tier 2	1,347	1,340
Tier 3	508	683
Total eligible own funds Solvency II	**8,925**	**8,386**
Available headroom restricted tier 1	468	452
Available headroom tier 2	394	255

The restricted tier 1 capital and tier 2 capital is composed of three hybrid loans and preference shares (as per 31 December 2018).

TIERING OF CAPITAL UNDER SOLVENCY II (€ MILLION)

	Tiering	**Market value**
Preference shares at 5.500% interest	Restricted tier 1	311
Perpetual at 6.000% interest	Restricted tier 1	729
Perpetual at 4.250% interest	Tier 2	794
Subordinated debt at 6.000% interest	Tier 2	553

As at 31 December 2018, the Solvency II ratio has increased by 14% to 198% (31 December 2017: 184%). The improved capital position is the result of a combination of a €539 million increase in the eligible own funds Solvency II to €8,925 million (2017: €8,386 million) and a €58 million decrease in the SCR to €4,497 million (2017: €4,555 million). As at 30 June 2019, the Solvency II ratio has decreased by 3% to 195%:



Own funds

The increase in the equity is the result of positive technical results, positive effects caused by trends on the financial markets and the sale of Independer.

In addition, a lower capping of Tier 3 capital has been achieved owing to a lower deferred tax asset resulting from loss recognition and the lower corporate tax rates for 2020 and 2021. This is partially cancelled out by planned dividends relating to the positive annual results.

Solvency Capital Requirement

The capital requirement has mainly decreased due to a decline in counterparty default risk, life and health risk. The increase of market risk and the decrease of counterparty default risk are mainly linked to the introduction of the internal model for market risk in which mortgages are treated as part of market risk. Life risk decreased due to the sale of Friends First and the declining life insurance portfolio in The Netherlands. The decrease of Health risk is linked to the sale of Friends First (Health SLT portfolio) and a lower level of claims provisions for the Dutch health business.

SOLVENCY CAPITAL REQUIREMENT (€ MILLION)

	2018	**2017**
Market Risk	2,566	2,075
Counterparty Default Risk	261	643
Life Underwriting Risk	1,636	1,760
Health Underwriting Risk	1,832	1,889
Non-Life Underwriting Risk	823	816
Diversification	-2,496	-2,632
Intangible Asset Risk	0	1
Basic Solvency Capital Requirement	**4,622**	**4,552**
Operational Risk	596	586
Loss-Absorbing Capacity	-787	-616
Solvency Capital Requirement (Cons)	4,431	4,522
SCR Other Financial Sectors & Other Entities	66	33
Solvency Capital Requirement	**4,497**	**4,555**

RECONCILIATION BETWEEN EQUITY FINANCIAL STATEMENTS AND SOLVENCY II (ELIGIBLE OWN FUNDS (€ MILLION)

	31-12-2018	**31-12-2017**
Equity Financial statements	9,705	9,949
Subordinated liabilities in Basic Own Funds	-1,350	-1,350
Own shares	335	235
Total IFRS excess of assets over liabilities	**8,690**	**8,834**
Valuation differences Solvency II	-355	-825
Total economic excess of assets over liabilities	**8,335**	**8,009**
Subordinated loans eligible under Solvency II and "grandfathered" instruments	2,076	1,940
Available own funds Solvency II	**10,411**	**9,949**
Foreseeable dividends, payments and expenses	-209	-315
Not qualifying tier 3 capital	-	-53
Own shares	-335	-235
Equity in banking- and investment institutions (CRD IV)	-911	-923
Other restrictions	-31	-37
Eligible own funds Solvency II	**8,925**	**8,386**

SOLVENCY II RATIO CORE LEGAL ENTITIES

	31-12-2017	31-12-2018	30-6-2019
Non-Life	140%	141%	140%
Pension & Life	142%	178%	136%
Health	142%	151%	152%
Reinsurance	191%	185%	235%

Since the published Interim Financial statements 2019, there have been material interest rate decreases and spread movements on financial markets. While the impact on Achmea Group solvency is limited, the effect on the Pension & Life entity is more significant. Achmea estimates the Solvency II ratio of Pension & Life, as of end of August, to be slightly below its target level of 130%. In line with Achmea's Capital Adequacy Policy, actions can be taken to improve the capital position of this entity in case the solvency falls below the internally defined bandwidths. To do so, Achmea would have several recovery measures at its disposal, including but not limited to, downstreaming of Group capital, reinsurance constructions and de-risking of investment portfolios. In case such measures were to be taken, Achmea aims to keep Group solvency and liquidity levels above internal policy limits of 165% and €250m - €400m respectively.

Movement in solvency ratio

The solvency ratio has grown from 184% at year-end 2017 to 198% at year-end 2018. The table below shows the different factors influencing the movement of the ratio:

SOLVENCY RATIO DEVELOPMENT

SCR as at 31-12-2017	**184%**
Market return and optimisation	+9%
Portfolio	+17%
Insurance risks	-2%
Other effects	-7%
2018 (before dividend, coupons, and share buy-back)	**201%**
Dividend, coupons, and share buy-back	-3%
SCR as at 31-12-2018	**198%**

Generally, the effect of the adjustment to the UFR from 4.05% to 3.90% as from 1 January 2019 has a negative impact of 2 percentage points.

Minimum Capital Requirement

Achmea also has to assess whether the capital components are able to cover the Group Minimum Capital Requirements. The calculation of the Group MCR is determined by simply adding all the solo MCR, which implies that the group MCR is calculated gross of intra group transactions. Compared to the SCR, Tier 3 capital is not eligible to cover the MCR and Tier 2 capital components may not exceed 20% of the MCR. Any excess Tier 2 capital is not eligible to cover the MCR. In order to cover the MCR the restricted Tier 2 was €876 million.

ELIGIBLE OWN FUNDS VERSUS MCR (€ MILLION)

	31-12-2018
Tier 1 restricted	1,040
Tier 1 unrestricted	6,030
Tier 2	471
Tier 3	-
Eligible own funds to meet MCR	**7,541**
Minimum consolidated Group SCR	2,354
Minimum Capital Requirement ratio	**320%**

Description of alternative performance measures

This section provides further information relating to alternative performance measures ("**APMs**") for the purposes of the European Securities and Markets Authority ("**ESMA**") Guidelines on Alternative Performance Measures (the "**APM Guidelines**"). The term "Free Capital Generation" as used by the Issuer and included in this Base Prospectus can be characterised as an APM. The Issuer believes that this APM provides useful insights for investors in the performance of the Issuer. As a result, the APM is included in this Base Prospectus to allow potential holders of the Notes to better assess the Issuer's performance and business and set out below is a further clarification as to the meaning of such measure (and any associated terms). The APM set out in this section has not been audited.

	FY 2018	**FY 2017**
Free Capital Generation (FCG) (*mln EUR)	676	679

The term Free Capital Generation relates to the amount of disposable capital that is generated by the Issuer. The number is calculated as the change in the Solvency II capital surplus above the Issuer's target capital level, adjusted for (i) solvency developments in the Issuer's Health activities capital (both in the Own Funds and Solvency Capital Requirement), (ii) payments of external dividends and coupons on the Issuer's capital instruments and (iii) strategic investments. The elements of Free Capital Generation do not reconcile to the Issuer's financial statements.

Litigation

General

Achmea and companies forming part of Achmea are involved in lawsuits and arbitration proceedings. These legal proceedings relate to claims instituted by and against these companies arising from ordinary operations and mergers, including the activities carried out in their capacity as insurers, credit providers, service providers, employers, investors and/or tax payers. Although it is not possible to predict or define the outcome of pending or imminent legal proceedings, the Executive Board believes that, other than as set out below, it is unlikely that the outcome of the actions will have a material, negative impact on the financial position of Achmea.

Tax Dispute

The measurement of the income tax receivable depends among other things on the application of the tax rules. It can be unclear how a specific tax law provision applies to a certain transaction or event. There may be a lack of clarity regarding the application of the participation exemption facility to income derived from the sale of certain activities. At the end of 2018 this was the case for the divestment of Achmea's shareholding in the Polish insurer PZU. The acceptability of the tax treatment chosen by Achmea depends on a court judgement. The difference of opinion between Achmea and the tax authorities as to the tax treatment of this transaction ranges from €0 to €295 million. When determining the income tax payable Achmea has taken this uncertainty into account by assuming the most likely outcome within this range. However, the actual income tax to be paid depends on the judgement in legal proceedings and therefore may result in other 'cash flows' under the tax position. On 6 July 2018, Achmea announced that it has increased its provision for the fiscal settlement in the Netherlands regarding the compensation received for the divestment of its shareholding in the Polish insurer PZU by €35 million to a total of €233 million. The increase follows a recent ruling by the Dutch court Arnhem-Leeuwarden, whereby Achmea's views have been partially taken into account. Based on the ruling, a larger amount of the PZU settlement is subject to Dutch corporate income tax than cautiously anticipated in building up the provision in previous years. Achmea disagrees with the Dutch tax authority on the fiscal treatment in the Netherlands of the compensation received for the divestment of its shareholding in PZU, in the years 2009 and 2010. The agreement with the Polish government at the time resulted in total proceeds for Achmea of €4.2 billion. The disagreement with the Dutch tax authority is regarding the tax treatment on the amount received of €1.2 billion. Achmea is of the opinion that this amount should be exempted from Dutch corporate income tax. The court has ruled that of the amount received of approximately €1.2 billion, an amount of €248 million is exempted from corporate tax. Achmea has analysed the ruling by the Court and has filed an appeal with the Dutch Supreme Court. The court session was held at 13 February 2019. Achmea expects a Supreme Court ruling before the end of 2019. The impact of the increase of the provision has been accounted for in the results over the financial year of 2018.

Unit-linked Products

Since 2006, an issue has arisen in the Netherlands regarding the costs of investment insurance policies (*beleggingsverzekeringen*), such as the life insurance policies with a Unit-Linked Alternative, commonly known as the "usury insurance policy affair" (*woekerpolisaffaire*). It is generally alleged that the costs of some of these products are disproportionally high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding these costs has not been transparent which is considered an alleged misselling issue. In 2010, Achmea reached agreement with certain customer interest groups in the Netherlands. The discussion related to these investment insurance policies is continuing, as was demonstrated by the summons that Achmea received in January 2019 from the association Vereniging Woekerpolis.nl and the Dutch Consumer Association. In November 2018, they approached Achmea, requesting that it entered into consultations on a far-reaching additional compensation scheme. Achmea declined this request because it does not recognise the picture depicted by the associations and the liability allegations.

Conflict between the Slovak Government and Achmea

In contradiction of an agreement to encourage investments between the Slovak Republic and the Netherlands, the Slovak government has enforced a ban on the distribution of profit on Slovak health insurers, including Achmea's Slovak subsidiary Union Zdravotná Poist'ovna A.S., in the period between 2007 and August 2011. Achmea sought compensation for the incurred loss and statutory interest paid through an international arbitration tribunal. In December 2012 the arbitration tribunal decided in favour of Achmea. Under this decision the Slovak Government is required to compensate Achmea for damages incurred and the statutory interest paid. The compensation amounted to approximately €25 million. The Slovak Government has publicly stated that it will not pay the amounts awarded to Achmea and has submitted the arbitral award for annulment to a German Court. In this first court case, the annulment request of the Slovak Republic has been rejected. The Slovak Government has appealed against this judgment with the Bundes Gerichtshof in Karlsruhe. The Bundes Gerichtshof submitted some legal questions on the interpretation of EU-law to the European Court of Justice, which has answered these questions in March 2018. The Bundes Gerichtshof has delivered its judgment on 31 October 2018, thereby following the ruling of the Bundes Gerichtshof and overturning the arbitral award. Achmea has filed a constitutional complaint against this judgment in Germany and in parallel submitted a claim for damages in Slovakia. These proceedings are still pending. Because of the continuing statutory interest, Achmea's claim now amounts to approximately €30 million. In view of the above, Achmea does not consider the receivable amount to be sufficiently certain to recognise it as an asset.

Recent developments

Can Akın Çağlar steps down as CEO of Eureko Sigorta

On 6 May 2019, Achmea announced that Can Akın Çağlar decided to step down from his position after five years as CEO of Eureko Sigorta, Achmea's subsidiary in Turkey, as per 10 May 2019. On that same day, 10 May 2019, he began his new position as an independent Vice-Chairman of the Supervisory Board of Eureko Sigorta, where he served until 31 July 2019. Can Akın Çağlar also serves as a special advisor to Robert Otto, member of the Executive Board of Achmea and Chairman of the Supervisory Board of Eureko Sigorta. Can Akın Çağlar will continue his role as Chairman of the Turkish Association of Insurance Companies.

Lidwien Suur appointed to Achmea's Executive Board

On 24 April 2019, Achmea announced that Lidwien Suur (44) has been appointed to Achmea's Executive Board with effect from 1 September 2019. She fills the vacancy that arose following the departure of Roelof Konterman at the end of 2018. Lidwien Suur's responsibilities will include the divisions of Non-life, Centraal Beheer and Interpolis.

Roelof Joosten appointed member of Achmea's Supervisory Board

On 11 April 2019, Achmea's General Meeting has appointed Roelof Joosten as a member of the Supervisory Board. He succeeds Antoon Vermeer, who retired from his position in 2018 at the end of his maximum term of office. Joosten's appointment is for a period of four years and has been approved by DNB.

S&P upgrades Achmea's rating outlook to stable

On 11 April 2019, S&P announced an upgrade of Achmea's rating outlook to stable. The overall credit rating for the insurance entities remains 'A'. S&P is established in the European Economic Area and registered under the CRA Regulation. In its rating report, S&P states that Achmea has realised stable and improved operational results in recent times. The increase in the operational result to €391 million in 2018 exceeded S&P's expectations. It added that it expects Achmea to maintain its debt-leverage ratio and capital position stable at this strong level over the coming period.

For this reason, S&P has announced that it would raise the outlook to 'stable' for Achmea, with an 'A' rating for the insurance entities, an 'A-' rating for the 'highly strategic subsidiaries' Achmea Reinsurance Company N.V. and Achmea Bank N.V. and a 'BBB+' rating for Achmea.

Achmea expands scale of international operations with the acquisition of Aegon Slovakia's property and casualty portfolio

On 9 April 2019, Achmea announced that it was expanding its presence in Slovakia by acquiring Aegon's property and casualty portfolio in Slovakia. The acquisition is being made by Achmea's subsidiary, Union poisťovňa, a.s. The portfolio consists of more than 18,000 home insurance policies.

Achmea targets its knowledge and experience where it expects rapid growth. For example, in 2018, Achmea used technology and robotisation in Slovakia to improve its customer service.

Outside the Netherlands, Achmea operates in five countries: Greece, Turkey, Slovakia, Canada and Australia. International written premiums amounted to around €1.1 billion in 2018. In local currency, written premiums at Non-life rose by 7%, with an 11% increase at Health. We offer our non-life and health insurance policies outside the Netherlands mainly via banks or online.

The acquisition has been submitted to the local regulatory authorities for approval.

Pensioenfonds Vervoer chooses Achmea Investment Management as integral asset manager

On 4 April 2019, it was announced that following an intensive selection process, Pensioenfonds Vervoer has chosen Achmea Investment Management as integral asset manager for the scheme. The arrival of Pensioenfonds Vervoer with effect from the end of 2019 reinforces the position of Achmea Investment Management as a leading Dutch asset manager.

Pensioenfonds Vervoer administers the pension schemes for employees in the road haulage, private bus and taxi transport, inland waterway and crane hire sectors, as well as the employees of company pension fund Orsima. Pensioenfonds Vervoer has over 670,000 members and at the end of the first quarter of 2019, assets invested of approximately €28 billion. Achmea Investment Management currently has around €129 billion assets under management.

*Achmea acquires part of the banking operations of a.s.r. bank (**a.s.r.**)*

On 21 March 2019, Achmea and a.s.r. have agreed that Achmea Bank will acquire part of the banking operations of a.s.r.. These operations consist of a liability portfolio with savings of €1.7 billion and approximately 125,000 customers, and an asset portfolio consisting of mortgages with a volume of €1.5 billion.

The acquisition of the portfolio fits with Achmea's strategy, which is in part focused on growth in pensions and pension services, along with integrated banking products and asset management. For a.s.r., the transaction is in line with its previously presented strategy update, which stated that a.s.r. no longer classified pensions as a core activity.

Achmea first Dutch insurer to close new, sustainable credit facility

On 7 March 2019, Achmea successfully closed a new multicurrency revolving credit facility (**RCF**) with sustainable characteristics. The €1 billion RCF closed with a syndicate of twelve international banks. The RCF has a maturity of five years with the optionality to extend the facility twice for a further period of one year. If the extension optionality is exercised, the facility will mature in 2026. The facility replaces an existing €750 million facility.

Achmea is the first Dutch insurer with a credit facility with sustainability features. The RCF is part of Achmea's liquidity management policy and is currently undrawn.

Selected Financial Information of Achmea

Achmea's publicly available audited annual consolidated financial statements for the year ended 31 December 2018 (set forth on pages 42 up to and including 166 of the annual report in the English language) are incorporated by reference into this Offering Memorandum. See also "*Incorporation by reference*".

Independent Auditors

The consolidated financial statements of Achmea for 2018 and 2017 have been audited by PricewaterhouseCoopers Accountants N.V. In accordance with Section 393 of Book 2 of the Dutch Civil Code, PricewaterhouseCoopers Accountants N.V. has given an unqualified audit opinion for each of these years.

TAXATION

Dutch Taxation

The following summary outlines the principal Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant.

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

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

This summary does not address the Dutch corporate and individual income tax consequences for:

(i) investment institutions (*fiscale beleggingsinstellingen*);

(ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Netherlands tax resident entities that are not subject to or exempt from Dutch corporate income tax;

(iii) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Securities of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutorily defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit-sharing rights in the Issuer;

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

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

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

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

Withholding Tax

All payments made by the Issuer of interest and principal under the Securities can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Securities are considered debt for Dutch corporate income tax purposes and do not in fact have the function of equity of the Issuer within the meaning of Article 10, paragraph 1, under d of the Dutch Corporate Income Tax Act of 1969 (*Wet op de vennootschapsbelasting 1969*) or as an equity instrument, not being shares (*aandelen*) or profit certificates (*winstbewijzen*) within the meaning of the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*). See also the risk factors under the headings "*Deductibility of payments on the Securities*", "*Dutch withholding tax on payments in respect of the Securities*" and "*Dutch tax risks related to the Tax Plan 2020*".

Corporate and Individual Income Tax

Residents of the Netherlands

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

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

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

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

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

Non-residents of the Netherlands

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, such person is not liable to Dutch income tax in respect of income derived from the Securities and gains realised upon the settlement, redemption or disposal of the Securities, unless:

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

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

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

    Income derived from the Securities as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 51.75%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on savings and investments (as described above under "Residents of the Netherlands").

Gift and Inheritance Tax

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

(i) the holder of a Security is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

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

Other Taxes and Duties

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

Foreign account tax compliance act (FATCA)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Barclays Bank PLC, BNP Paribas, Coöperatieve Rabobank U.A., Deutsche Bank AG, London Branch, HSBC Bank plc, NatWest Markets N.V. and UniCredit Bank AG (the **Joint Lead Managers**) have, pursuant to a subscription agreement (the **Subscription Agreement**) dated 23 September 2019 agreed with the Issuer, subject to satisfaction of certain conditions, to subscribe or procure subscribers for the Securities at the issue price of 100 per cent. of the total principal amount of the Securities, less a management and underwriting commission agreed between the Issuer and the Joint Lead Managers. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment being made to the Issuer.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive 2016/97/EU (IDD), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United States of America

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may not be offered or sold, directly or indirectly, in the United States, or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. Terms used in this paragraph and not otherwise defined in the Offering Memorandum have the meanings given to them by Regulation S under the Securities Act (**Regulation S**).

Each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Securities (a) as part of its distribution at any time or (b) otherwise until forty (40) calendar days after the later of the commencement of the offering of the Securities and the date of closing of the offering of Securities, in the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor or dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons.

The Securities are being offered and sold only outside the United States to non-U.S. persons in compliance with Regulation S.

In addition, until forty (40) calendar days after the commencement of the offering of the Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Securities have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Securities or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

United Kingdom

Each of Joint Lead Managers has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in an investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Securities only under circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in the SFA) or securities–based derivatives contracts (as defined in the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

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

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the **CMP Regulations 2018**), the Issuer has determined the classification of the Securities as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

Each Joint Lead Manager has represented and agreed and each further Joint Lead Manager appointed under this Offering Memorandum will be required to represent and agree that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued, or had in its possession for the purposes of issue and will not issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO of Hong Kong and any rules made under the SFO.

France

Each of the Joint Lead Managers and the Issuer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Securities to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France the Offering Memorandum or any other offering material relating to the Securities, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), acting for their own account, other than individuals, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier*.

Prospective investors are informed that (a) the Offering Memorandum has not been approved by the *Autorité des marchés financiers*, (b) such prospective investors may only take part in the transaction solely for their own account as provided in articles D. 411-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier* and (c) that the Securities may not be further distributed directly or indirectly to the public in France otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier*.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except in circumstances falling within Article 1(4) or 3(2) of the Prospectus Regulation and Article 34-ter of CONSOB Regulation No. 11971 of 14 May, 1999, as amended from time to time.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under the preceding paragraph must be:

a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the Banking Act); and

b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

GENERAL INFORMATION

1. Application has been made for listing particulars to be approved by Euronext Dublin and for the Securities to be admitted to the Official List and trading on its Global Exchange Market. The estimate of the total expenses related to the admission of the Securities to trading is €7,500.

2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Securities. The issue of the Securities was authorised by a resolution of the Executive Board of the Issuer passed on 26 August 2019 and a resolution of the Supervisory Board of the Issuer passed on 5 September 2019.

3. The Securities have been accepted for clearance through Clearstream and Euroclear with the Common Code 205649042. The International Securities Identification Number (**ISIN**) for the Securities is XS2056490423. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Brussels, Belgium, the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

4. There has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2019.

5. There has been no material adverse change in the prospects of the Issuer or of the Group since 31 December 2018.

6. Except as disclosed in "Litigation – Unit-linked Products" beginning on page 125 and in "Litigation – Conflict between the Slovak Government and Achmea" on page 125 and "Litigation – Tax Dispute" on page 124 of this Offering Memorandum, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Memorandum which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

7. There are no material contracts entered into other than in the ordinary course of the Issuer's business which could result in any member of the Issuer's Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders in respect of the Securities being issued.

8. Where information in this Offering Memorandum has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

9. To the knowledge of the Issuer, no person involved in the issue of the Securities has an interest material to the issue of the Securities.

10. The Issuer's Legal Entity Identifier (LEI) is 7245007QUMI1FHIQV531.

11. For as long as the Securities are outstanding the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for physical inspection at the office of the Fiscal Agent and the Paying Agent and of the Issuer:

(a) this Offering Memorandum;

(b) the Agency Agreement;

(c) the Articles of Association (*statuten*) of the Issuer; and

(d) each of the Documents Incorporated by Reference.

The Offering Memorandum will be published on the website of Euronext Dublin (www.ise.ie).

12. The statutory auditors of the Issuer are PricewaterhouseCoopers Accountants N.V. (**PwC**). The Issuer's consolidated financial statements as at and for the years ended 31 December 2017 and 31 December 2018 incorporated by reference in this Offering Memorandum, have been audited, in each case by PwC, independent auditors with their address at Thomas R. Malthusstraat 5, 1066 JR, Amsterdam, the Netherlands, as stated in its reports thereon appearing in such financial statements. PwC has given, and has not withdrawn, its consent to the inclusion of its reports in this Offering Memorandum in the form and context in which it is included. The auditor signing the relevant auditor's reports on behalf of PwC is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The reports of the auditor are included by reference. PricewaterhouseCoopers Accountants N.V. has no material interest in the Issuer. Any financial data in this Offering Memorandum not extracted from the audited accounts of the Issuer is based on internal records of the Issuer or external sources believed by the Issuer to be reliable, and is unaudited. The Issuer has organised a re-selection process for the appointment of a new external auditor.

13. The yield of the Securities, calculated from the Issue Date to the First Reset Date on the basis of the Issue Price is 4.678 per cent. per annum. It is not an indication of future yield.

14. At the date of this Offering Memorandum the Issuer has only one class of preferences shares. In order for there to be different classes of preference shares with different rankings on a winding-up, the articles of association of the Issuer would need to be amended.

15. Any website referred to in this Offering Memorandum does not form part of this Offering Memorandum except as specifically provided otherwise.

16. The Issuer has a counterparty credit rating from S&P of BBB+ with a stable outlook and Fitch of A+ with a stable outlook.

Achmea's core insurance operating entities have an Insurance Financial Strength rating of A//Stable outlook by S&P and A+/Stable outlook by Fitch.

The Securities are expected to be rated BB+ by S&P and BBB- by Fitch.

S&P and Fitch are established in the European Union and are registered under the CRA Regulation.

A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating will remain for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant.

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

18. Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Securities, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities. Any such positions could adversely affect future trading prices of Securities. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

19. Deutsche Bank AG, London Branch is acting as Fiscal Agent, Principal Paying Agent and Calculation Agent exclusively for the Issuer and no one else in connection with the offer and will not be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided in the Agency Agreement. It will not regard any other person (whether or not a recipient of the Offering Memorandum) as its client in relation to the offer and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for giving advice in relation to the issue of the offer or any transaction or arrangement referred to herein.

REGISTERED OFFICE OF THE ISSUER

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